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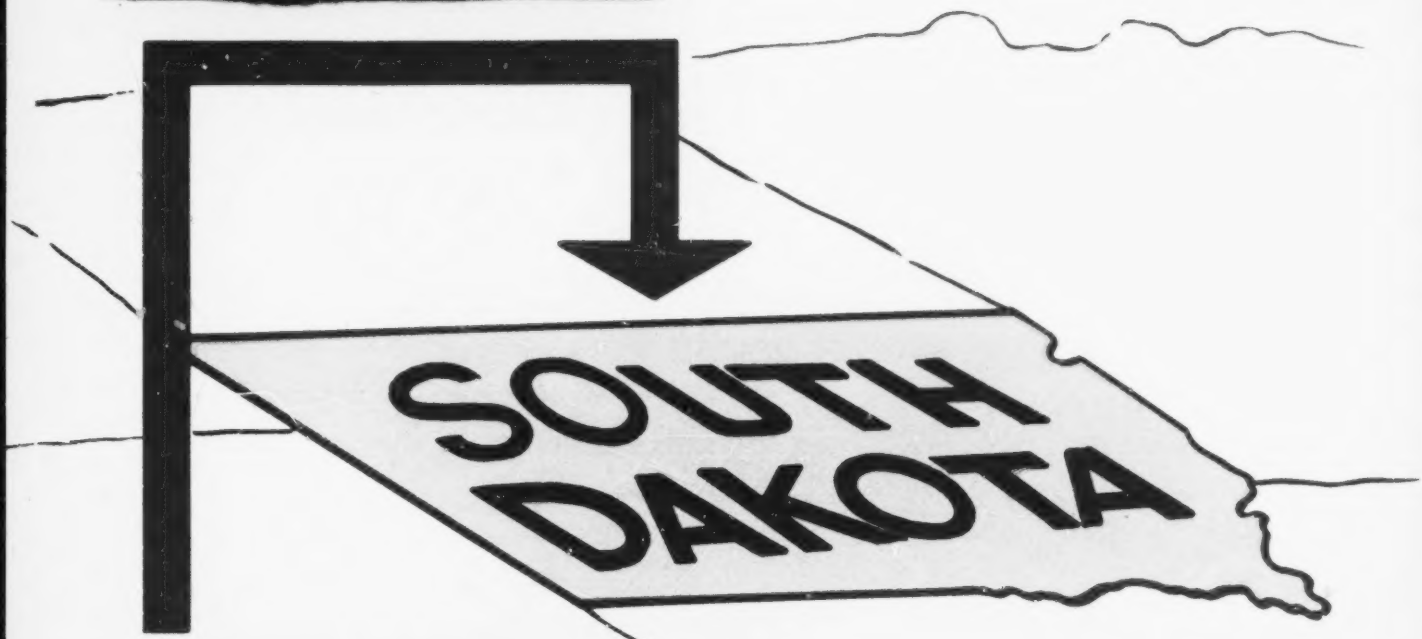

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PERSONAL INCOME 1978

Introduction

As in the past this issue of the South Dakota Business Review reports the most recent updated information on personal income in South Dakota. The data reported is collected and published by the Bureau of Economic Analysis, U.S. Department of Commerce. For comparable data pertaining to other states the August issue of the Survey of Current Business contains the statewide data though not on a county by county basis.

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Definitions

Personal income is defined as all current income received, including interest, royalties, and dividends. The six major components of personal income may be defined as follows:

1. **Wage and Salary Disbursements** is comprised of wages and salaries inclusive of executive's compensation, commissions, tips and bonuses, and the value of payments in kind which represent income to the recipient.
2. **Other Labor Income** includes employers' contributions under private pensions, health and welfare, and group insurance plans; compensation for injuries, pay for military reservists, directors' fees, and several minor items.
3. **Proprietor's Income** measures the net business earnings of owners of unincorporated enterprises, consisting almost entirely of sole proprietorships and partnerships, but also including producers' cooperatives, and other numerically minor forms of non-corporate business.
4. **Property Income** consists of rental income, dividends, and interest income of persons.
5. **Transfer Payments** consist of receipts by persons from government and business (other than government interest) for which no services are currently rendered.
6. **Contributions for Social Insurance** include contributions made by individuals under the various social insurance programs. Payments by both employers and self-employed are included. These contributions are excluded from personal income by handling them as an explicit deduction item.

As personal income represents primarily payments to individuals for productive services rendered measured movements in the series reflects underlying productive forces. Changes in productive forces result from changing market conditions and as such personal income represents a useful indicator of economic activity.

Total Personal Income

Table I presents by selected states and the Plains Region the level of total personal income for the years 1969-1978. Table II reflects the percentage changes for the same states and the region from 1969 to 1978 and 1977 to 1978. The period 1977 to 1978 again reflects continued growth in personal income for the state. The 1978 growth of 17.7 percent compares favorably with 1977's growth of 17.5 percent. The 17.7 percent South Dakota growth rate compares to a national rate of 12.1 percent.

TABLE II
Percent Changes in Total Personal Income
Selected States and Selected Years

State	% Change 1978/1969	% Change 1978/1977
Iowa	140.02	16.7
Kansas	138.52	13.3
Minnesota	137.33	12.4
Missouri	124.07	12.3
Nebraska	132.15	14.4
North Dakota	155.57	22.2
SOUTH DAKOTA	144.85	17.7
Plains States	134.56	13.9
United States	131.43	12.1

Source: Compiled from Table I

During periods of rapid inflation, as witnessed in the past year, of considerable concern not only to the individual but also the policy maker is the changing purchasing power of personal income. Though current dollar personal income has risen by 17.7 percent, this does not mean that the consumer can purchase 17.7 percent additional physical items. In fact, as the price of each physical item rises more current dollar income is necessary just to maintain a constant level of physical purchases. To correct for this phenomenon, the nominal personal income is divided by the consumer price index to place it into 1967 dollar terms or convert it into a figure that better reflects changing purchasing power. Table III reports the consumer price index for the period 1969 to 1978.

TABLE III
Consumer Price Index *
1969-1978

	Index	Percent Change From Previous Year
1969	109.8**	
1970	116.3	5.92
1971	121.3	4.30
1972	125.3	3.30
1973	133.1	6.21
1974	147.7	10.97
1975	161.2	9.14
1976	170.5	5.77
1977	181.5	6.45
1978	195.4	7.66

*U.S. Department of Labor
**Average of monthly index

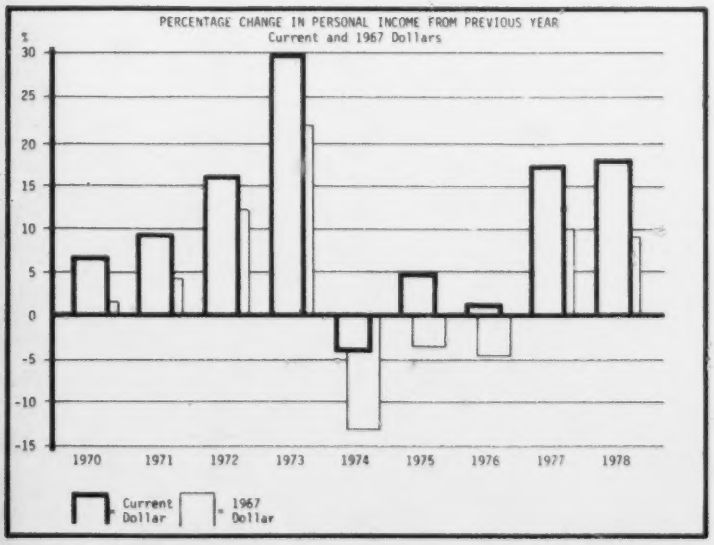
Table IV shows total personal income in South Dakota in current dollars and in 1967 dollars for the period 1969 to 1978. Also included in the table are the percentage changes from the previous year in both current and 1967 dollars.

TABLE IV
Total Personal Income
in South Dakota
Current and 1967 Dollars

	In Current Dollars	% Change From Previous Year	In 1967 Dollars	% Change From Previous Year
1969	1933*		1760*	
1970	2072	7.19	1782	1.25
1971	2259	9.03	1862	4.49
1972	2610	15.54	2083	11.87
1973	3378	29.43	2538	21.84
1974	3240	-4.09	2194	-13.55
1975	3401	4.97	2110	- 3.83
1976	3436	1.03	2015	- 4.50
1977	4022	17.05	2216	9.98
1978	4733	17.68	2422	9.30

*In millions of dollars

The following chart graphically displays the considerable difference between the two measures of income.



In 1973 both current dollar income and the 1967 dollar income grew dramatically with an excellent agricultural year both in production and in prices received. The following year represented a considerable turn around not only in current dollar income but even more importantly in 1967 dollar income as it dropped 13.55 percent while current dollar income only dropped 4.09 percent. The difference being the rise in inflation in the latter part of 1973 and the early part of 1974. Also note that 1967 dollar income continued to decline through 1976. By 1978 income in 1967 dollars has not yet returned to the peak attained in 1973. What this suggests is a moderate rise in purchasing power since 1969. In fact, purchasing power has increased by 37.61 percent which is considerably less than the 144.85 percent increase in current dollar total personal income over the same period. In other words, the apparent rapid growth in income as measured by current dollar income is largely illusionary when viewed in terms of purchasing power.

To obtain a preview of expected 1979 personal income it is useful to review the quarterly personal income data supplied by The Bureau of Economic Analysis. For the first quarter of 1979 the estimated total personal income seasonally adjusted at annual rates is estimated to have been $5144 million. The first quarter growth from fourth quarter 1978 is 8.83 percent with second quarter growth relative to first quarter, a modest 3.88 percent. This suggests a significantly slower rate of growth thus far in 1979 as contrasted to the growth in both 1977 and 1978.

Major Source

Recall that personal income represents payments to individuals for productive services rendered. As such, it is useful to review the sources of personal income which reveal those industries where demand for the productive services is growing at the greatest rate. Table V summarizes the sources for the year 1975 through 1978.

TABLE V
Personal Income By Major Sources
South Dakota
1975, 1976, 1977, 1978
(Millions of Dollars)

	1975	1976	1977	1978	% Change 1975/1977
Personal Income					
by Place of Residence	3,401	3,436	4,022	4,733	+13.[illegible]
Personal Income from:					
Dividends, Interest, Rent and Residence Adjustment	564	609	656	734	+11.9
Transfer Payments	465	513	550	595	+ 8.2
Less: Personal Contributions for Social Insurance by Place of Work	145	155	171	194	+13.5
Total Labor & Proprietors Income[1]					
by Type:	2,491	2,464	2,983	3,594	+20.5
Wage & Salary Disbursements	1,679	1,678	2,050	2,323	+13.3
Proprietor's Income	687	635	755	2,063	+40.8
Farm	413	167	481	763	+58.6
Nonfarm	254	268	274	300	+ 9.5
Other Labor Income	125	150	178	209	+17.4
by Industry:					
Farm	481	210	528	817	+54.7
Nonfarm, Private	1,490	1,669	1,861	2,111	+13.4
Agr. Service, Forestry, Fisheries	10	10	11	13	+18.2
Mining	36	41	44	50	+13.6
Construction	148	177	199	231	+16.1
Manufacturing	214	257	284	319	+12.3
Durables	88	108	124	153	+23.4
Nondurables	127	148	160	167	+ 4.4
Wholesale Trade	192	206	217	245	+12.8
Retail Trade	294	315	333	373	+12.0
Finance, Insurance, and Real Estate	97	118	140	160	+14.3
Banking	40	45	50	55	+10.0
Other Finance, Insurance, and Land Estate	57	73	90	104	+15.5
Transportation and Public Utilities	169	188	213	243	+14.1
Railroads	20	24	26	28	+ 7.7
Trucking and Warehousing	59	64	76	91	+19.7
Other Transportation	D	D	D	D	D
Communications	42	49	55	63	+14.5
Electric, Gas, and Sanitary Services	37	39	42	46	+ 9.5
Services	338	375	419	478	+14.1
Hotel and Other Lodging	13	19	24	27	+12.5
Personal Services	20	22	23	25	+ 8.7
Private Households	14	15	16	18	+12.5
Business and Repair Services	36	41	46	56	+21.7
Amusement and Recreation	D	11	12	14	+16.7
Professional, Social, and Related Services	D	272	297	339	+14.1
Government & Gov. Enterprises	518	565	595	666	+11.9
Federal, Civilian	144	157	172	190	+10.5
Federal, Military	74	77	80	90	+12.5
State and Local	300	331	344	387	+12.5

Note: Detail may not add due to rounding.
[1]By Place of Work
(D) Not shown to avoid disclosure of confidential information, data are included in totals.
Source: Bureau of Economic Analysis, U.S. Department of Commerce.

(Continued on Page 6)

The National Economy

On October 6, The Federal Reserve announced three bold new policy initiatives. The first was an increase in the discount rate to record levels. The second an increase in reserve requirements on marginal amounts of certain types of purchased money, and finally a shift away from managing the monetary system by controlling short-term interest rates. The latter of these initiatives clearly was the most significant as it represented a fundamental shift in policy strategy.

Why the shift in strategy? The reason was that The Federal Reserve recognized that inflation has to be brought under control. Under the old approach of controlling the monetary system through control over short-term interest rates the monetary system was not tightening credit as is necessary to meet the goal of controlling inflation. Under the new approach The Federal Reserve will focus directly upon total reserves and few would argue but that restraint upon the banking system's lending ability will result. The greatest difficulty will be defining the appropriate reserve target.

The initial effects of the new strategy was predictable. Short-term interest rates have risen rapidly and in the third week of November the prime rate has reached a record 15.75 percent. Understandably someone must pay the price of the high interest rates. The most likely industries to feel the effects is the construction industry as already witnessed by declining activity in the Housing resale market. Both consumer and business credit will also be affected. In the consumer market look for automobile loans to be the first affected. Finally on the business scene capital outlays likely will be affected.

As the financial markets are highly integrated it is unlikely that South Dakota will escape the expected credit tightening. The extent to which it might influence the state is difficult to judge but some further impetus to the already expected slowdown might be anticipated. This might, however, be a small price to pay if in fact the new strategy will slow the unacceptable rise in prices which has been occurring.

The South Dakota Economy

At the end of the third quarter of 1979, several of the indicators of business activity registered moderate increases compared to the first three quarters of 1978.

Sales of ordinary life insurance were up 19.0 percent for the first nine months of 1979 compared to this period a year ago.

Postal receipts, reflecting mail order and other non-local activity, increased 11.2 percent for the first three quarters of 1979 compared to 1978.

Construction employment gained slightly for this same period, registering a 1.2 percent increase. The unemployment rate in South Dakota rose from 2.8 percent in September 1978 to 3.1 percent in September 1979 on a seasonally adjusted basis.

Sales of **new cars** and **new trucks** were still down for the first nine months of this year compared to this period a year ago. As indicated in the table below, sales of new cars decreased 21.6 percent and new truck sales were down 22.8 percent.

Serving as a good indicator of retail activity, South Dakota's taxable sales at the 4% rate increased 9.6 percent for the second quarter of 1979 compared to 1978. For the first half of 1979 compared to last year, taxable sales were up 10.5 percent.

As noted in the quarterly personal income table on page 12, there was only a slight change in total personal income in South Dakota for the second quarter of 1979 compared to the first quarter of 1979. Comparing this change to the national average, South Dakota ranked 49th. As indicated in the following table, South Dakota's farm income and private service-type payrolls declined, and the payroll increase in construction was below the national average.

TOTAL PERSONAL INCOME
AND SELECTED COMPONENTS
United States, Plains Region and States
Percent Change: 1st Qt. 1979-2nd Qt. 1979

	Percent Change							Rank of Percent Change in Total Personal Income
			Wage and Salary Disbursements (Payrolls)					
	Total Personal Income	Farm Income	Manufacturing	Construction	Mining	Private Service-Type*	Government	
United States	2.0	-.2	1.1	5.5	4.5	1.9	1.8	--
Plains Region	2.5	2.9	2.5	6.0	5.9	1.8	1.4	--
Nebraska	3.7	4.0	6.1	8.5	-3.1	2.2	1.6	2
Kansas	3.3	7.1	4.5	14.4	7.3	2.0	1.1	8
Iowa	3.1	2.9	2.7	3.8	10.0	1.9	2.4	9
Minnesota	2.4	5.1	1.4	3.4	4.4	1.9	1.9	20
Missouri	2.1	3.5	-.2	6.8	6.9	1.4	2.2	23
North Dakota	0.6	-9.5	5.3	0.4	7.4	3.0	0.4	44
South Dakota	0.0	-8.6	6.1	3.7	0.1	-.3	2.1	49

*Wholesale and retail trade; the finance, insurance, real estate group; the transportation, communication, public utilities group; and services.

Note: Percent changes are based on seasonally adjusted data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

MONTHLY BUSINESS INDICATOR INDICES
January-Sept., 1978 and 1979
(1967 Equals 100)

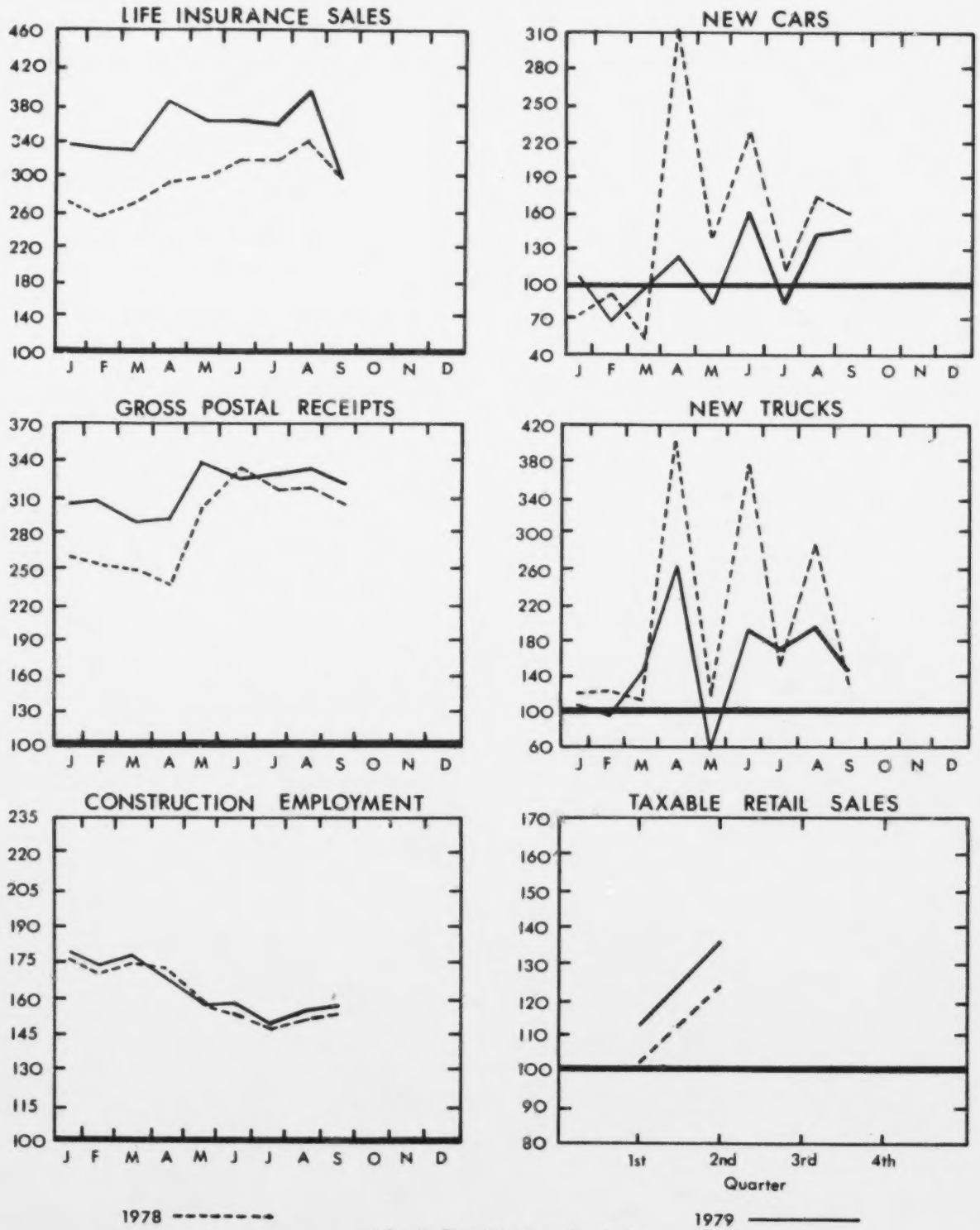
	Insurance Sales			Postal Receipts			Taxable Retail Sales			New Cars			New Trucks			Construction Employ.		
			%**			%**			%**			%**			%**			%**
	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.
January	275.4	339.3	+23.2	259.7	306.2	+17.9				74.0	107.2	+44.7	121.5	109.1	-10.2	177.6	179.4	+ 1.0
February	256.7	333.0	+29.7	253.5	308.0	+21.5				90.7	67.9	-25.2	124.0	99.8	-19.5	168.4	173.6	+ 3.1
March	276.3	327.2	+18.4	248.2	288.8	+16.4				54.5	98.3	+80.4	114.4	145.3	+27.0	177.2	175.5	- 1.0
1st Qtr.			+23.3			+18.4			+11.6			+28.5			- 3.2			+ 1.0
April	288.1	388.0	-34.7	237.2	291.6	+22.9				311.3	123.7	-60.3	408.1	266.0	-34.8	174.2	169.9	- 2.5
May	299.2	366.5	+22.5	301.3	340.5	+13.0				142.8	85.8	-39.9	116.1	58.8	-49.4	157.2	157.2	+ 0.0
June	321.8	365.2	+13.5	337.2	328.4	- 2.6				227.3	160.6	-29.4	375.5	191.3	-49.1	154.3	158.6*	+ 2.8
2nd Qtr.			+23.2			+10.4			+ 9.6			-42.2			-44.0			+ 0.2
1st Half			+23.2			+14.2			+10.5			-22.6			-30.0			+ 0.6
July	320.0	366.9	+14.6	320.4	336.3	+ 5.0				112.6	83.0	-26.3	156.6	174.2	+11.3	147.8	150.7	+ 2.0
August	344.7	404.5	+17.3	320.8	338.6	+ 5.5				170.4	138.1	-18.9	276.8	196.5	-29.0	152.4	157.5	+ 3.4
September	304.0	303.1	- 0.3	308.0	324.2	+ 5.2				160.4	139.3	-13.1	134.3	151.5	+12.8	154.0	158.3*	+ 2.8
3rd Qtr.			+10.9			+ 5.2			NA			-19.9			- 7.7			+ 2.7
1st 9 Months			+19.0			+11.2			NA			-21.6			-22.8			+ 1.2

*Preliminary
**Percentage changes based on original data
NOTE: Retail sales data is received on a quarterly basis only and are not received until the end of the month following the previous quarter.

SOUTH DAKOTA BUSINESS INDICES
1978 – 1979

ADJUSTED FOR SEASONAL VARIATION

BASE 1967 = 100*



* Taxable Retail Sales Base 1976 = 100

(cont. from page 3)

Historically growth in such sources as dividends, interest, and rent has been relatively stable. This pattern continues to prevail. The difference between transfer payments and personal contributions is the net contribution of the government sector to the state's economy. In other words the transfers are injections into the economy whereas the personal contributions are withdrawals from the system. Interestingly the growth in transfers has slowed slightly whereas the withdrawals growth rate has increased. As was true in 1977 the farm sector displayed another sizeable expansion while the nonfarm sector continued its relatively stable growth pattern. Finally, and encouragingly, the most rapid growth in the nonfarm sector came from the durable manufacturing sector.

Table VI further summarizes the distribution of industrial sources. As suspected the farm sector makes the greatest contribution followed by the government sector and the services sector.

Table VI
Percentage Distribution of Income
From Industrial Sources
South Dakota
1976, 1977, 1978
(Millions of Dollars)

	1976		1977		1978	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Total	2,464	100.0	2,983	100.0	3,594	100.0
Farms	210	8.5	528	17.7	817	22.7
Agricultural Services, Forestry, Fisheries, Other	10	0.4	11	0.4	13	0.4
Wholesale Trade	206	8.4	217	7.3	243	6.8
Retail Trade	315	12.8	333	11.2	373	10.4
Government	565	22.9	595	19.9	666	18.5
Services	379	15.4	419	14.0	478	13.3
Manufacturing	257	10.4	284	9.5	319	8.9
Trans., Pub. Util.	188	7.6	213	7.1	243	6.8
Construction	177	7.2	199	6.7	231	6.4
Finance, Ins. & Real Est.	118	4.8	140	4.7	160	4.4
Mining	41	1.7	44	1.5	50	1.4

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Comparison of personal income data published in 1978 with data in this article reveals a number of differences. These differences result due to revisions by the Bureau of Economic Analysis.

Per Capita Personal Income

Use of total personal income for analysis purposes can be misleading. Growth in total personal income may occur due to increased income earners and thus not due to improved economic conditions as might be assumed. To correct for this phenomena it is common to divide the total personal income by the population to convert the series into a per capita figure.

TABLE VII
Per Capita Personal Income
Plains Region and States
1969-1978
(Dollars)

State	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
Iowa	3441	3643	3788	4218	5166	5330	5907	6123	6877	8002
Kansas	3470	1725	4017	4470	5154	5506	5955	6444	7040	7882
Minnesota	3555	3819	3999	4358	5113	5424	5785	6222	7088	7910
Missouri	3418	3654	3887	4185	4672	5010	5475	5925	6565	7313
Nebraska	3468	3657	3904	4364	5113	5198	5887	6054	6672	7582
North Dakota	2947	3077	3448	4235	6117	5883	5896	5781	5887	7174
SOUTH DAKOTA	2894	3108	3371	3847	4965	4755	4995	5011	5850	6864
Plains States	3426	3657	3878	4274	5037	5270	5722	6069	6761	7650
United States	3667	3893	4132	4493	4981	5428	5861	6402	7042	7836
% So. Dak. of Plains States	84	85	87	90	99	90	87	83	87	90
% So. Dak. of United States	79	80	82	86	100	88	85	78	83	88

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Table VII is a summary of per capita personal income for the Plains Region and the states within that region. Note that in 1978 the percentage that South Dakota is of the United States has again increased though South Dakota remains the lowest in the region.

Per Capita Disposable Personal Income

Another measure of income commonly used as a measure of wealth is disposable personal income. Disposable income is defined as the amount of income left over after taxes have been deducted. This essentially will be the number of dollars remaining to make per capita discretionary expenditures with. These are the dollars which the retailer has the opportunity to capture and for this reason it is an excellent measure to use in determining potential markets. Table VIII summarizes per capita disposable personal income for the region and the states within the region. Note that currently this data is only available through 1977. Also it should be noted that this is an estimated figure by the Bureau of Economic Analysis.

TABLE VIII
Per Capita Disposable Personal Income
Plains Region and States
1969-1977
(Dollars)

State	1969	1970	1971	1972	1973	1974	1975	1976	1977
Iowa	2959	3148	3305	3612	4495	4487	5067	5165	5799
Kansas	2979	3213	3508	3862	4459	4700	5143	5595	6145
Minnesota	2991	3253	3431	3676	4384	4531	4871	5228	5982
Missouri	2894	3127	3353	3552	4046	4283	4758	5135	5716
Nebraska	2975	3153	3416	3752	4444	4420	5119	5228	5716
North Dakota	2580	2705	3077	3790	5481	5143	5134	5012	5034
SOUTH DAKOTA	2581	2789	3053	3493	4495	4223	4483	4461	5300
Plains States	2922	3144	3367	3859	4368	4478	4927	5201	5809
United States	3097	3324	3564	3812	4259	4519	5064	5490	5991

Source: Bureau of Economic Analysis, U.S. Department of Commerce

County Personal and Per Capita Income

The final set of tables list the total personal income and per capita personal income by county. Haakon and Sully counties head the list in per capita income while Shannon again places last with $3,127. More detailed data on the county personal income may be obtained from the Business Research Bureau.

TABLE IX
COUNTY PERSONAL INCOME
South Dakota
(Millions of Dollars)

	1976	1976	1977*
AURORA	15.6	17.0	18.6
BEADLE	104.1	109.5	123.0
BENNETT	12.8	13.1	17.1
BON HOMME	35.7	40.7	40.4
BROOKINGS	101.5	106.2	123.0
BROWN	204.0	203.4	249.2
BRULE	25.9	27.2	31.0
BUFFALO	6.8	7.4	8.0
BUTTE	36.4	40.0	44.7
CAMPBELL	14.9	16.3	17.2
CHARLES MIX	42.6	42.9	46.1
CLARK	25.9	29.7	31.7
CLAY	55.6	56.8	63.1
CODINGTON	99.4	104.2	120.9
CORSON	19.9	17.1	22.5
CUSTER	21.9	24.0	27.0
DAVISON	90.4	99.8	106.4
DAY	34.6	38.2	46.0
DEUEL	23.4	21.1	30.3
DEWEY	19.9	21.2	25.9
DOUGLAS	18.1	20.4	22.4
EDMUNDS	26.9	28.3	33.6
FALL RIVER	45.8	51.6	47.2
FAULK	20.7	14.4	25.3
GRANT	46.8	43.5	52.0
GREGORY	28.4	29.6	35.3
HAAKON	18.1	12.2	21.9
HAMLIN	27.1	22.0	31.9
HAND	27.3	24.8	32.7
HANSON	14.9	15.1	18.1
HARDING	8.9	7.2	11.0
HUGHES	74.6	80.3	92.0
HUTCHINSON	44.7	50.7	51.6
HYDE	10.2	9.6	13.5
JACKSON	8.0	6.6	9.6
JERAULD	12.8	13.0	14.2
JONES	8.7	6.5	11.6
KINGSBURY	36.5	3 1.7	41.3
LAKE	56.9	56.6	68.6
LAWRENCE	82.1	92.9	102.1
LINCOLN	64.9	61.0	75.7
LYMAN	17.5	13.8	24.7
MC COOK	32.1	31.5	38.2
MC PHERSON	21.4	16.7	27.1
MARSHALL	30.7	20.7	34.8
MEADE	92.1	93.9	111.2
MELLETTE	8.8	8.9	11.4
MINER	18.8	18.7	22.5
MINNEHAHA	585.8	647.0	738.5
MOODY	37.7	28.6	41.0
PENNINGTON	355.0	391.4	434.8
PERKINS	22.3	22.2	26.2
POTTER	24.5	20.7	28.0
ROBERTS	49.1	39.7	61.4
SANBORN	16.1	15.7	19.8
SHANNON	22.0	21.7	26.6
SPINK	52.8	42.1	63.0
STANLEY	11.8	10.1	14.2
SULLY	17.6	11.1	16.6
TODD	23.8	24.1	28.0
TRIPP	37.4	37.0	45.8
TURNER	50.5	51.6	53.3
UNION	55.2	58.5	65.0
WALWORTH	37.3	38.0	48.3
WASHABAUGH	3.8	2.7	5.5
YANKTON	93.6	100.8	105.2
ZIEBACH	6.4	6.4	10.0
SOUTH DAKOTA	3400.7	3457.1	4101.8

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

TABLE I
County Per Capita Income
South Dakota
(In Dollars)

	1975	1976	1977
AURORA	3890	4236	4723
BEADLE	5120	5667	6253
BENNETT	3888	3462	5180
BON HOMME	4549	5072	4977
BROOKINGS	4524	4662	5464
BROWN	5403	5451	6041
BRULE	4492	4908	5453
BUFFALO	3589	3991	4109
BUTTE	4188	4624	5346
CAMPBELL	5762	4078	6987
CHARLES MIX	4074	4158	4455
CLARK	4664	3610	5745
CLAY	4240	4370	4[illegible]
CODINGTON	4995	5156	6037
CORSON	1928	3162	4765
CUSTER	4313	4642	5013
DAVISON	5095	5549	6112
DAY	4094	3596	5644
DEUEL	4157	3861	5732
DEWEY	3329	3565	4304
DOUGLAS	4040	4664	5091
EDMUNDS	4804	3650	6155
FALL RIVER	5693	6203	5400
FAULK	5603	3974	7033
GRANT	4783	4627	5410
GREGORY	4317	4452	5634
HAAKON	6404	4285	7571
HAMLIN	4857	3913	5693
HAND	5037	4577	6157
HANSON	1907	4134	4536
HARDING	4421	3938	6082
HUGHES	5732	5899	6352
HUTCHINSON	4560	5256	5469
HYDE	4155	4176	5668
JACKSON	4972	4240	6197
JERAULD	4112	4259	4692
JONES	5030	4853	6912
KINGSBURY	5077	4702	5759
LAKE	5334	5265	6448
LAWRENCE	4843	5357	5935
LINCOLN	5187	4751	5744
LYMAN	4280	3348	6126
MC COOK	4551	4524	5458
MC PHERSON	4521	3595	6079
MARSHALL	5411	3617	6293
MEADE	5095	5098	5678
MELLETTE	3762	3940	5179
MINER	4540	4538	5652
MINNEHAHA	5890	6409	7186
MOODY	4864	3665	5224
PENNINGTON	5419	5693	6126
PERKINS	4729	4613	6093
POTTER	5741	4869	6888
ROBERTS	4146	3401	5437
SANBORN	4755	4552	4917
SHANNON	2417	2565	3127
SPINK	5223	4251	6375
STANLEY	4594	3776	5286
SULLY	7764	4878	7423
TODD	3287	3196	3907
TRIPP	4575	4559	5756
TURNER	5231	5276	5233
UNION	5250	5428	5907
WALWORTH	4709	4787	6159
WASHABAUGH	2490	1767	3622
YANKTON	5108	5445	5711
ZIEBACH	3596	2728	4429
SOUTH DAKOTA	4995	5043	5953

Source: Bureau of Economic Analysis, U.S. Department of Commerce

FIGHTING THE FOURTH BRANCH

The Fourth Branch? Yes, the Fourth Branch. This is the term which so aptly describes the administrative agencies which today comprise a most sizeable part of the federal government. Here, in large part, is housed the bureaucracy, that seemingly faceless legion without whose efforts the government would not run. While every schoolchild knows the traditional three branches of government, the executive, the legislative & the judicial, the existence and extent of this "fourth branch" is much less well known. A relatively recent addition to the edifice of government, one which developed piece-meal on an ad hoc basis, lacking the constitutional underpinning of the traditional branches, this "fourth branch" has emerged as a huge, ungainly tail which seems, at times, to wag the dog. The agencies comprising it, be they known as agencies, boards, services, commissions, authorities, administrations or otherwise, touch nearly every aspect of our lives and, in fact, have a broader and closer contact with the people than any other arm of the federal government. It should be noted here that while the focus of concern is on federal activities, similar problems often exist at the state level and even at the local level. While the principal focus will be on the federal aspect, mention will be made of developments at the state level.

Further, agencies make laws. These laws may be called rules, they may be called regulations, but laws they are, regardless of the nomenclature. Few of us really appreciate the power wielded by these agencies.

As American society became more industrialized, as society became more complex, as new, intractable, problems appeared, there arose a demand for more governmental involvement in the efforts to resolve these problems. The activities of the railroads in the period following our Civil War precipitated a public clamor that something be done, and that it be done by government. Heeding the growing demand, Congress responded by creating the Interstate Commerce Commission, first of a genre which later proliferated into the startling array (or disarray) of government agencies we have today. If government is going to do things, to become involved, there must be some mechanism utilized so that it can act, so that it can do the things it's been called upon to do. The administrative agency, then, has been the mechanism, the tool, the device for getting the government involved. Indeed, it has been said that the administrative agency is one of the Americans' great contributions to the art of government. Created by Congress, deriving its life, form and powers therefrom, it has been the device selected for achieving all sorts of objectives. Has it been a useful tool? Certainly. Perhaps too much so, for successes with some of the early agencies led inevitably to more and more widespread use of the agency as a vehicle for achieving governmental goals. The economic crunch of the thirties saw a bewildering proliferation of such agencies as government, at the behest of the electorate, sought to resolve the problems of the day. World War II gave further impetus to the use of the agency and society's reliance upon this device persisted and grew in the post-war years as society set out to resolve a wide range of problems, problems ranging from use and control of atomic energy to the ever present problem of poverty. Gradually there has emerged, then, the "monster" we behold today. Numerous, uncoordinated, sometimes overlapping, not infrequently conflicting, occasionally unresponsive, all too often expensive and, unfortunately, often intractable, this hardy species has assumed a role in national life that is now generating a growing, deep concern as to how to control it, to make it responsive and responsible. The concern rises, no doubt, in large part from increasing economic pressures, but is also generated by "horror stories" of massive fraud in the GSA, potentially catastrophic failures at Three Mile Island, the absurdity of a quarter-sized dollar which didn't "sell", arrogance by personnel, and an occasional bit of idiocy unrivaled by Hee Haw. While the more independent and more perceptive souls among us have long sounded the alarm, it is only relatively recently that there has developed a broad-based concern over this problem. Today, "Big Government" is an issue. Growths in government of this magnitude, however, do not occur in a vacuum, nor are they able to occur without engendering counter-forces. Such has been the case with the rise of administrative agencies. Reaction to their activities has been and is taking place, and it seems yet more reaction will occur.

What, then, has occurred by way of reaction? In answer to this query, the various reactions will be categorized as legislative reactions and judicial reactions. As the varied reactions have not occurred on any coordinated, planned basis, this categorization is as good a way as any to review some of the developments in this area. First to be reviewed will be legislative responses, including proposed legislation as well as that enacted. Among the legislative efforts to gain tighter control of the agency is the use of "Sunset laws". "Sunset laws" are those which assign a definite life span to an agency, at the end of which time the agency ceases to exist unless the legislature renews its life. The objective is to

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avoid the endless perpetuation of an agency whose usefulness has ceased or which has accomplished the purpose for which it was created. The belief is that the impending end of the agency's life will force the legislature to reexamine the agency. This, it is hoped, will cause agency personnel to perform at a high level since they know their work will be periodically reviewed. Colorado has been a leader in the use of sunset legislation, and the Congress has opted for it in a few instances. The chief objection to sunset legislation is the possibility that the agency, knowing a life-or-death review is in its future, will devote itself to those things which will make it look good on review, neglecting its primary mission in so doing. (It has been suggested that such a diversion in itself may not be all bad.) The South Dakota Department of Game, Fish and Parks is currently undergoing a "sunset" review. Somewhat akin to "sunset" legislation is that requiring a "performance audit". Legislation specifying a "performance audit" requires the legislature to examine the "track record" of an agency so that if deficiencies be found, appropriate action can be taken to rectify the problem.

Another type of "sun" legislation is the "sunshine" law, also known as "open meeting" legislation. Legislation of this type is aimed at making agencies act responsibly by requiring that they do their decision-making in public. If operating under the eye of the public and the press, it is believed that they will do a better job. Arbitrary or capricious actions are less likely to occur if the perpetrators are exposed to public view as they work. Under such legislation, personnel matters and security matters are usually exluded from being dealt with in open meetings. The temptation, of course, is for the agencies to expand the definition of "personnel" or "security," thus escaping to some degree the "harsh light of day."

An altogether different tack has been suggested by President Carter. He suggests legislation requiring the bureaucratic author of regulations to sign them, thus identifying specifically the "culprit" in the event the regulations prove ineffectual, ambiguous, idiotic, uncomprehensible or otherwise troublesome. Presumably the author, if he be identifiable, will be less likely to spew out gobbledygook, establish irrational requirements or commit other bureaucratic sins. This novel proposal has yet to be tried, but it does strike at one of bureaucracy's great defenses: anonymity, and the safety it insures.

The indecipherable nature of all too many regulations has led to a call for legislation requiring the use of "plain language" in the writing of regulations. The intent is obvious. (Legislation requiring a simplification of language in commercial documents has been adopted in some states). Whether such an approach is feasible is questionable. We live in a complex society. Words are the tools to identify, distinguish, define and refine ideas, directives, concepts, standards and such. Attempts to require the description of a Boeing 747 in words suited to a Model T Ford seem destined for failure. Nevertheless some simplification is no doubt possible and should be encouraged. Federal agencies are currently seeking to comply with an executive directive to simplify their language.

A much different approach is one which has already been adopted for the Consumer Product Safety Commission. This particular agency is required to develop an "economic impact statement" when proposing regulations. To date, the costs of regulation have largely been ignored, because, it has been said, the regulators neither have to finance the compliance nor face the electorate at the polls. The recent fuss over the Tellico Dam underscores the need for considering the economic impact of regulation. There is, for example, mounting evidence that the real cost of controlling automobile exhaust emissions is far greater than expected. In addition to the cost of the devices required on the vehicles involved, more frequent and more costly maintenance appears necessary to keep "clean-burning" engines operating efficiently. Further, it appears that in certain kinds of driving the unusually high operating temperatures resulting from the emission controls are markedly reducing engine life. Public demand for clean air could well be tempered if the actual costs were made known. Clearly the extent of regulatory costs must be determined and considered when regulatory agencies proceed to churn out regulations. The government's own Commission on Federal Paperwork found (1977) that the cost to business for just **reporting** to the government those matters required to be reported cost between $25 and $32 billion yearly! The public, which, after all, is "the boss," has every right to know what the costs are. Currently before the Congress is a regulatory reform bill which would require the agencies, among other things, to analyze the economic effects of proposed rules and to justify these rules. Compliance with an "economic impact statement" requirement is likely one of the most effective ways to bring the "Fourth Branch" to heel.

Another suggestion as to how to cope with agencies is to enact legislation requiring that if an agency brings a court action against a defendant and loses the case, then the agency must reimburse the defendant for legal costs incurred. Small businesses would greatly benefit from such legislation as they frequently cannot afford the costs of litigation. Forcing an agency to pay the defendant's legal costs might well deter the agency from initiating and pursuing baseless or poorly planned litigation. An "attack" on the agency's pocketbook is usually an effective tool and legislation of this type ought to be carefully considered.

A recent suggestion emanating from Congress (and not an altogether facetious suggestion!) is that the nation's elaborate civil service system be abolished and a return to the spoils system be made. "Agency arrogance" would thus be dealt with at the ballot box. Serious proposals of this nature have yet to be made, but the mere mention of such is indicative of the depth of Congressional disenchantment with the way the bureaucracy all too often behaves. (In a somewhat similar vein, there is some evidence that the support for California's "Proposition 13" was fueled, in part, by a deep and abiding anger at officialdom in general.)

Yet another aspect of the battle to control the bureaucracy is to be found in proposals for legislation to protect those who "blow the whistle" on government waste or misconduct. All too often those who report or expose wrongdoing are themselves fired, suspended or otherwise disciplined. One proposal introduced in Congress would be to create an independent review board which would hear the allegations and take appropriate action to rectify valid allegations and protect the individual making them. Perhaps speedy dismissal of those who seek to harass the "whistle blower" should be mandatory; the penalty would seem to fit the crime.

A still different tack is taken by those who would give either house of Congress veto power over regulations promulgated by an agency. Such a proposal is currently (Nov., 1979) being considered by Congress; in fact, three separate bills all provide for such a veto. (In a somewhat similar vein, a provision in the South Dakota Administrative Procedures Act gives the legislature's "interim committee" power to suspend an agency rule until the next legislative session, at which time the legislature itself can consider the matter.) While proposals to veto or to suspend rules may be decried as inefficient or as infringing upon executive prerogatives, either approach would seem to be little more than a healthy retention of legislative control over the making of laws.

Senator Dale Bumpers of Arkansas has recently proposed legislation which would strip from the agencies the presumption that their regulations are valid. This would, in effect,

place the burden on the agency of proving that they have acted lawfully. At present the person seeking to overturn the rules must prove their invalidity. The result would likely force an agency to proceed more cautiously and carefully, since it would have to prove its case rather than having the benefit of a presumption of validity.

The Freedom of Information Act has also been a useful tool to help disclose agency misdeeds. The benefits of permitting public access to the records of an agency are obvious. Is it not surprising that special legislation was needed to enable the public to look at public records? If, indeed, the bureaucrat is a "public servant," why was it necessary for Congress to legislate in this area? Again, if an organ of government knows its activities may be exposed to broad public view, it will likely act more circumspectly.

At this writing, there has been proposed in the House the Small Enterprise Regulatory Improvement Act. The aim is to "cut down on government regulation and red tape" according to Representative Virginia Smith of Nebraska. This act would require federal agencies to prepare a "small business impact statement" each time a rule is made. The objective is to prevent adoption of rules which become too onerous for the small businessman to cope with. Representative Smith has noted, incidentally, that in the 1976-1979 period, government regulations have increased from some 22,000 to an estimated 35,000.

The foregoing legislative efforts at regulatory reform illustrate a variety of approaches to a most difficult problem. There are no doubt other ideas as to how to cope with the bureaucracy, and more proposals can be expected as legislative concern grows. An alternative to control is, of course, abolition, but despite congressional concerns about agencies' roles and conduct, little real sympathy for wholesale abolition of agencies is detectable at this time. Realistically, such a remedy is not now in the cards, meritorius though it might be. As long as the public persists in its demands that government "do something," government will — and the tool used for the doing will almost certainly be an administrative agency.

The battle against the "fourth branch" is not being fought by the legislature alone. The courts, too, have perceived the problem as noted by these developments in the judicial arena.

Traditionally if the decision of an agency is challenged and the matter is reviewed in court, the courts have pretty much accepted as gospel the agency's finding of facts. Rather than engaging in a fact-finding foray of its own, the courts have simply adopted, with little or no question, the facts as presented by the agency. While this is still the usual procedure today, there are indications that the courts are a bit less inclined to accept without question agency findings of fact. The likely result will be to compel the agency to build a more solid case, thus refraining from bringing questionable cases.

Today, too, the tendency for the courts' treatment of administrative agency rules is to scrutinize more closely the rationality of those rules. For example, the National Highway Traffic Safety Administration's proposals for anti-skid devices on trucks were thrown out because of a lack of evidence that the system was needed or that the remedial proposals were even workable. In an earlier day the court, presuming that the agency was the expert, might have simply accepted the proposal without question, not delving into the basis for the proposal.

In a celebrated case on another front, the U.S. Supreme Court held that an OSHA inspector could not inspect an unconsenting businessman's premises without a search warrant. The agency (OSHA) had contended that to require adherence to the Bill of Right's prohibition against unlawful search and seizure would have hamstrung enforcement of the law. (It should be noted that the Fourth Amendment's prohibitions exist precisely because of actions of this nature on the part of government). Obviously, requiring OSHA to act in a constitutional manner has not stymied its operations.

A major development on the judicial front is the reduction in the scope of immunity enjoyed by public officials. Traditionally, government employees have enjoyed extensive immunity, the reasoning underlying such immunity being that it was necessary to permit the government to operate. While it is obvious that some degree of immunity is essential, the scope of that immunity is certainly a fit topic for consideration. In a recent U.S. Supreme Court decision, the court said that a senator's immunity was not so extensive as to preclude a defamation suit by a citizen awarded one of the senator's famous "Golden Fleece" awards. As the award (by Wisconsin's Senator Proxmire) was not made as part of a legislative process, the senator will have to defend the suit on its merits. Similarly, ex-Governor Rhodes, of Ohio, was not immune from suit by victims of the Kent State Affair just because he was governor. In a similar vein an Arkansas school board which deprived expelled students of their constitutional rights to due process was not immune from suit by virtue of its governmental function. For bureaucrats accustomed to insulation from such liability, this trend is sobering indeed. Still, the requirement that public officials act in good faith and that they act reasonably does not seem unduly burdensome.

In yet another approach, the rules requiring "standing" to sue the government have been somewhat relaxed. When an agency's actions are challenged in court, it is less easy today for the agency to avoid delving into the merits of the case by claiming that the plaintiff's lack "standing," i.e., the right to contest the matter in court.

As our society grows more litigious, it is likely that even closer scrutiny of agency actions is going to occur. Growing judicial concern for individual rights, a resurgence of antipathy toward "big government," and a willingness, even an eagerness, to "take on" the government cannot but help to correct agency abuses.

It occurs to the author that a possible remedy for truly outlandish agency conduct would be in the application of the concept of "unconscionability" to agency activities. "Unconscionability," a concept adopted in the Uniform Commercial Code, permits the court to invalidate a contract, or a part of a contract, if such "shocks the conscience of the court." The courts have been quick to utilize this concept, and, in fact, have already become so enamored of it as to use it to resolve legal problems falling outside the Code. If an agency's conduct is so outlandish as to "shock the conscience of the court," the court could void it. While agency's do not frequently so conduct themselves, on occasion they do. In such instances, a court could void the offending rule or terminate the offensive conduct. By way of example of situation where a court could intervene, there comes to mind to OSHA proposal that farmers be required to provide outhouses every few yards for their employees. Or, consider the bureaucratic perversity in harassing the manufacturer of "Red Fox" brand denim overalls because they contained no red fox fur. Either of these bits of bureaucratic idiocy would qualify under the "conscience shocking" test. Development of the "unconscionability" concept for use in cases involving agencies would curb flagrant abuses of discretion and would tend to make agency personnel more circumspect in their conduct.

These, then, are some of the developments in the "battle against the bureaucracy." These, and other yet-to-be-developed ideas as to how to deal with this problem will perhaps lead to better control of what is likely an indispensable arm of government in today's world. The battle will not be easy nor will it be quickly won. It must, however, be fought if representative government is to survive.

GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
First Half 1978 and 1979
(In $000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return.

REGION I	1st Half 1978	1st Half 1979	% Change 1st Half 1978/1979
Brookings	64,192	74,706	16.4
Brookings	52,918	61,041	15.3
Elkton	2,532	3,177	25.5
Volga	2,836	3,343	17.9
Clark	9,417	11,164	18.6
Clark	6,084	7,163	17.7
Codington	101,582	116,761	14.9
Watertown	98,645	112,680	14.2
Deuel	10,565	12,384	17.2
Clear Lake	6,616	7,362	11.3
Gary	630	969	53.8
Grant	26,736	31,957	19.5
Big Stone City	1,007	1,080	7.3
Milbank	22,296	26,408	18.4
Hamlin	9,963	12,325	23.7
Bryant	2,388	2,799	17.2
Castlewood	1,391	1,692	21.6
Estelline	2,606	2,700	3.6
Hayti	2,287	2,583	13.0
Kingsbury	22,037	26,062	18.3
Arlington	5,936	7,005	18.0
DeSmet	6,939	7,885	13.6
Lake Preston	3,957	4,446	12.3
Lake	38,817	39,565	1.9
Madison	31,429	35,325	12.4
Miner	8,204	9,537	16.3
Howard	5,632	6,635	17.8
Moody	18,458	21,219	15.0
Colman	5,994	6,721	12.1
Flandreau	9,008	10,768	19.5
TOTAL	309,968	355,680	14.7
REGION II			
Clay	29,981	33,184	10.7
Vermillion	27,467	30,071	9.5
Lincoln	31,631	38,560	21.9
Canton	15,580	17,956	15.2
Hudson	1,031	1,188	15.2
Lennox	5,016	5,034	.4
McCook	22,239	28,261	27.1
Bridgewater	4,766	5,598	17.5
Canistota	2,375	3,040	28.0
Salem	11,983	15,614	30.3
Spencer	1,649	2,154	30.6
Minnehaha	649,621	735,111	13.2
Brandon	2,086	2,800	34.2
Colton	4,013	4,347	8.3
Dell Rapids	9,630	11,678	21.3
Garretson	5,238	5,351	2.2
Hartford	3,645	4,635	27.2
Sioux Falls	600,459	666,742	11.0
Turner	20,936	24,131	15.3
Centerville	2,816	3,048	8.2
Marion	6,087	7,188	18.1
Parker	5,541	5,707	3.0
Viborg	2,522	3,798	50.6
Union	33,765	38,460	13.9
Alcester	4,546	5,418	19.2
Beresford	12,546	13,118	4.6
Elk Point	5,569	6,480	16.4
N. Sioux City	9,074	10,439	15.0
TOTAL	788,173	897,707	13.9
REGION III			
Aurora	7,279	8,994	23.6
Plankinton	3,923	4,742	20.9
Bon Homme	21,830	24,671	13.0
Avon	3,907	4,581	17.2
Scotland	6,127	5,796	- 5.4
Springfield	3,427	4,114	20.0
Tyndall	6,512	7,874	20.9
Tabor	1,847	2,259	22.4
Brule	19,285	20,983	8.8
Chamberlain	15,030	15,845	5.4
Kimball	3,466	4,379	26.3
Charles Mix	26,047	30,342	16.5
Geddes	1,602	2,120	32.3
Lake Andes	2,878	3,234	12.4
Platte	10,642	12,101	13.7
Wagner	10,076	11,916	18.3
Davison	103,196	119,641	15.9
Mitchell	98,950	113,513	14.7
Douglas	12,280	14,987	22.0
Armour	4,074	4,569	12.1
Corsica	6,725	8,612	28.1

REGION III (Cont)	1st Half 1978	1st Half 1979	% Change 1st Half 1978/1979
Gregory	18,163	21,406	17.9
Burke	3,682	4,301	16.8
Gregory	9,398	11,570	23.1
Hanson	9,680	12,600	30.2
Alexandria	6,697	8,475	26.5
Emery	1,900	2,795	47.1
Hutchinson	29,935	40,192	34.3
Freeman	9,533	13,888	45.7
Menno	3,868	5,513	42.6
Parkston	10,586	13,831	30.7
Tripp	3,114	3,370	8.2
Jerauld	9,277	12,106	30.5
Wess. Sprgs.	6,520	8,744	34.1
Sanborn	5,924	7,432	25.5
Woonsocket	4,577	5,656	23.6
Yankton	96,987	123,613	27.5
Yankton	92,067	117,455	27.6
TOTAL	359,883	436,969	21.4
REGION IV			
Beadle	70,307	82,963	18.0
Huron	65,744	76,953	17.0
Brown	173,145	197,830	14.3
Aberdeen	156,699	176,148	12.4
Groton	5,833	8,316	42.6
Day	24,201	28,946	19.6
Bristol	2,788	3,192	14.5
Waubay	1,239	1,444	16.5
Webster	17,199	20,400	18.6
Edmunds	15,023	16,971	13.0
Bowdle	3,535	4,028	14.0
Hosmer	997	1,108	11.1
Ipswich	7,352	8,484	15.4
Roscoe	3,073	3,260	6.1
Faulk	7,949	9,112	14.6
Faulkton	4,541	5,145	13.3
Hand	15,455	17,793	15.1
Miller	13,329	15,617	17.2
Marshall	15,288	18,160	18.8
Britton	12,197	15,238	24.9
McPherson	9,401	10,828	15.2
Eureka	7,615	8,852	16.2
Leola	1,424	1,594	11.9
Roberts	23,515	27,018	14.9
Sisseton	11,505	12,987	12.9
Wilmot	3,334	3,871	16.1
Spink	19,054	21,811	14.5
Doland	1,295	1,626	25.5
Redfield	14,645	16,284	11.2
TOTAL	373,337	431,431	15.6
REGION V			
Buffalo	338	586	73.6
Campbell	6,868	8,354	21.6
Herreid	2,613	3,162	21.0
Corson	5,347	5,801	8.5
McIntosh	1,170	1,259	7.6
McLaughlin	2,842	3,005	5.7
Dewey	9,450	10,928	15.6
Eagle Butte	3,790	4,715	24.4
Isabel	1,579	1,904	20.6
Timber Lake	3,379	3,441	1.8
Haakon	10,896	14,206	30.4
Philip	9,699	12,825	32.2
Hughes	55,545	62,983	13.4
Pierre	53,066	60,191	13.4
Blunt	1,769	2,033	14.9
Hyde	7,445	9,198	23.5
Highmore	7,301	9,011	23.4
Jones	7,747	8,519	10.0
Murdo	6,763	7,660	13.3
Lyman	7,726	8,246	6.7
Presho	2,878	2,980	3.5
Mellette	1,645	2,041	24.1
White River	1,112	1,210	8.9
Perkins	14,365	16,617	15.7
Lemmon	12,198	13,957	14.4
Potter	16,954	20,688	22.0
Gettysburg	11,161	13,946	25.0
Hoven	5,135	5,990	16.7
Stanley	6,678	7,443	11.5
Ft. Pierre	6,537	7,369	12.7
Sully	7,563	8,901	17.7
Onida	7,094	8,203	15.6

REGION V (Cont)	1st Half 1978	1st Half 1979	% Change 1st Half 1978/1979
Tripp	30,843	35,576	15.3
Winner	29,904	34,574	15.6
Todd	6,311	6,699	6.1
Mission	5,156	6,038	17.1
Walworth	31,733	36,186	14.0
Selby	6,626	7,656	15.6
Mobridge	22,193	24,915	12.3
Ziebach	1,541	2,772	79.9
Dupree	1,442	2,623	81.9
TOTAL	228,994	265,745	16.0
REGION VI			
Bennett	8,526	9,601	12.6
Martin	8,321	9,345	12.3
Butte	27,409	30,208	10.2
Belle Fourche	22,296	24,410	9.5
Newell	2,591	2,817	8.7
Custer	11,581	13,353	15.3
Custer	10,570	12,008	13.6
Fall River	18,680	19,549	4.7
Edgemont	5,200	5,189	- 0.2
Hot Springs	11,861	12,501	5.4
Harding	1,776	1,877	5.7
Buffalo	1,470	1,568	6.6
Jackson	5,768	6,770	17.4
Kadoka	5,094	6,143	20.6
Lawrence	57,208	92,909	62.4
Deadwood	15,782	17,069	8.2
Lead	8,940	41,345	362.5
Spearfish	22,319	21,182	- 5.1
Whitewood	6,565	8,594	30.9
Meade	30,409	34,956	15.0
Faith	2,922	3,310	13.3
Sturgis	23,838	27,183	14.0
Pennington	362,471	390,974	7.9
Rapid City	334,840	364,206	8.8
Wall	7,157	7,752	8.3
Shannon	3,279	3,292	0.4
Pine Ridge	1,533	1,385	- 9.6
Washabaugh	326	334	2.6
TOTAL	527,434	603,822	14.5
STATE TOTAL	2,587,789	2,991,354	15.6

LOCAL BUSINESS CONDITIONS

	Jan.-Sept. 1978	Jan.-Sept. 1979	% Change Jan.-Sept. 1979/1978
Aberdeen			
Advertising Lineage Index	200.6	199.7	- 0.4
Building Permits	4,539,300	4,367,900	- 3.8
Value of Postal Receipts	1,537,146	1,734,001	+12.8
Value of Postal Money Orders	263,710	246,928	- 6.4
Telephones in Service (Sept.)	26,954	28,315	+ 5.0
Brookings			
Building Permits	1,603,800	3,065,900	+91.2
Value of Postal Receipts	674,596	906,471	+34.4
Value of Postal Money Orders	146,707	132,797	- 9.5
Huron			
Building Permits	2,479,400	1,552,600	-37.4
Value of Postal Receipts	676,113	736,811	+ 9.0
Value of Postal Money Orders	136,201	150,006	+10.1
Telephones in Service (Sept.)	13,810	14,213	+ 2.9
Mitchell			
Building Permits	2,152,673	560,528	-74.0
Value of Postal Receipts	765,974	673,889	-12.0
Value of Postal Money Orders	142,130	148,729	+ 4.6
Telephones in Service (Sept.)	13,890	14,405	+ 3.7
Pierre			
Building Permits	3,110,950	2,047,900	-34.2
Value of Postal Receipts	1,295,367	1,266,672	- 2.2
Value of Postal Money Orders	138,406	132,196	- 4.5
Telephones in Service (Sept.)	14,925	15,201	+ 1.8
Rapid City			
Advertising Lineage Index	182.0	191.7	+ 5.0
Building Permits	14,698,054	8,434,105	-42.5
Value of Postal Receipts	2,311,063	2,551,684	+10.4
Value of Postal Money Orders	805,893	756,769	- 6.1
Telephones in Service (Sept.)	52,393	63,017	+20.3
Sioux Falls			
Advertising Lineage Index	225.2	229.6	+ 2.0
Building Permits	21,130,212	18,290,676	-13.4
Value of Postal Receipts	5,249,693	5,952,658	+13.4
Value of Postal Money Orders	760,876	801,397	+ 5.3
Telephones in Service (Sept.)	82,321	85,206	+ 3.5
Watertown			
Building Permits	4,184,872	3,986,991	- 4.7
Value of Postal Receipts	702,933	788,047	+12.1
Value of Postal Money Orders	144,720	172,581	+19.3
Telephones in Service (Sept.)	15,294	16,173	+ 5.7
Yankton			
Building Permits	4,476,329	1,656,200	-63.0
Value of Postal Receipts	1,012,049	1,213,770	+19.9
Value of Postal Money Orders	184,640	196,957	+ 6.7
Telephones in Service (Sept.)	12,911	13,515	+ 4.7

TELEPHONES IN SERVICE
SELECTED CITIES--SOUTH DAKOTA
September 1978 and September 1979

	Sept. 1978	Sept. 1979	% Change 1978/1979
Aberdeen	26,954	28,315	+ 5.0
Belle Fourche	4,528	4,752	+ 4.9
Canton	3,235	3,282	+ 1.5
Chamberlain	2,668	2,757	+ 3.3
Deadwood	3,218	3,258	+ 1.2
De Smet	1,617	1,690	+ 4.5
Elk Point	1,735	1,793	+ 3.3
Hot Springs	3,828	4,093	+ 6.9
Huron	13,810	14,213	+ 2.9
Lead	3,496	3,534	+ 1.1
Madison	6,276	6 718	+ 7.0
Milbank	4,705	4,898	+ 4.1
Mitchell	13,890	14,405	+ 3.7
Mobridge	4,113	4,222	+ 2.7
Pierre	14,925	15,201	+ 1.8
Rapid City	52,393	63,017	+20.3
Redfield	4,178	4,282	+ 2.5
Sioux Falls	82,321	85,206	+ 3.5
Sturgis	6,091	6,325	+ 3.8
Tyndall	1,280	1,312	+ 2.5
Vermillion	9,308	9,332	+ 0.3
Watertown	15,294	16,173	+ 5.7
Webster	2,686	2,787	+ 3.8
Wessington Springs	1,680	1,772	+ 5.5
Winner	4,466	4,618	+ 3.4
Yankton	12,911	13,515	+ 4.7

Source: Northwestern Bell, Sioux Falls, SD.

TAXABLE RETAIL SALES*
IN SELECTED CITIES
OF SOUTH DAKOTA
(Thousands of Dollars)

	2nd Qtr. 1978	2nd Qtr. 1979	% Change 2nd Qtr. 1978 from 2nd Qtr. 1979	1st Half 1978	1st Half 1979	% Change 1st Half 1978 from 1st Half 1979
Aberdeen	43,275	44,875	3.7	77,015	82,450	7.1
Belle Fourche	5,945	6,313	6.2	10,481	11,483	9.6
Brookings	15,208	17,403	14.4	29,246	33,232	13.6
Chamberlain	3,693	4,050	9.7	6,683	7,156	7.1
Dell Rapids	2,150	2,430	13.0	3,852	4,246	10.2
Huron	18,244	20,627	13.1	33,563	38,317	14.2
Lead	3,964	4,916	27.2	8,013	8,744	9.1
Madison	7,292	8,047	10.4	14,320	14,989	4.7
Milbank	5,611	6,665	18.8	10,449	12,422	18.9
Mitchell	24,446	27,327	11.8	43,918	49,665	13.1
Mobridge	4,806	5,428	13.0	8,866	9,978	12.5
Pierre	16,299	17,176	5.4	30,215	32,757	8.4
Rapid City	88,050	92,821	5.4	151,943	166,741	9.7
Sioux Falls	139,964	152,365	8.9	254,642	276,010	8.4
Vermillion	7,047	7,481	6.2	13,798	14,553	5.5
Watertown	25,306	28,829	13.9	46,224	52,512	13.6
Winner	6,933	7,202	3.9	12,624	13,484	6.8
Yankton	18,194	21,828	20.0	32,438	38,722	19.4
TOTAL	438,333	475,783	8.5	788,290	867,461	* 10.0

*Taxable retail sales at 4%. Items taxed at 2% (farm machinery), 3% (vending), and existing city taxes are not included.

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
January-September 1979
United States

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	% Change Jan-Sept. 1979
All Items	204.7	207.1	209.1	211.5	214.1	216.6	218.9	221.1	223.4	9.1
Food & beverages	218.3	222.4	224.4	226.3	228.2	229.3	230.7	230.2	231.0	5.8
Food	223.9	228.2	230.4	232.3	234.3	235.4	236.6	236.3	237.1	5.9
Alcoholic beverages	166.0	167.7	169.2	170.2	171.5	172.1	172.7	173.3	174.2	4.9
Housing[1]	213.1	215.6	217.6	219.8	222.4	225.5	228.4	231.5	234.6	10.1
Shelter	222.8	225.9	228.0	230.7	233.5	236.7	240.1	243.9	247.4	11.0
Rent, residential	170.3	171.0	171.3	172.0	173.8	174.7	175.9	177.5	179.0	5.1
Homeownership	241.6	245.6	248.2	251.7	254.9	258.8	263.0	267.6	271.9	12.5
Fuel & other utilities[1]	221.5	223.3	225.9	227.5	232.2	239.0	243.5	247.2	251.2	13.4
Fuels[1]	256.3	259.3	264.0	266.8	274.6	286.2	293.8	299.7	306.6	19.6
Fuel, oil, coal & bottled gas	316.4	326.1	339.5	349.8	364.3	391.2	412.9	438.6	461.0	45.9
Gas (piped) & electricity[1]	239.5	241.2	244.0	245.3	251.6	259.9	264.5	266.5	270.1	12.8
Other Util. & Pub. Services	159.0	159.0	158.8	158.8	159.0	159.2	159.4	159.8	159.8	0.5
Household furnishings & operation[1]	184.8	186.0	187.4	188.6	189.2	190.1	190.4	191.2	192.2	4.0
Apparel & upkeep	160.7	161.4	164.3	165.4	166.1	165.7	164.3	166.3	169.8	5.7
Transportation	193.9	195.6	198.1	202.9	207.7	212.6	216.6	219.6	221.4	14.2
Private transportation	193.8	195.5	198.1	203.2	208.1	213.3	217.4	220.4	222.0	14.6
Public transportation	190.0	190.7	191.5	192.6	193.3	194.0	197.1	200.8	205.2	8.0
Medical care	230.7	232.6	233.9	235.1	236.3	237.7	239.9	241.8	243.7	5.6
Entertainment[1]	182.3	183.2	184.8	186.5	187.8	188.2	189.1	190.2	191.1	4.8
Other goods & services[1]	190.5	191.9	192.8	193.2	193.9	194.5	195.2	197.0	201.7	5.9

[1]Index series has undergone a change in title and/or definition.
NOTE: Index applies to a month as a whole, not to any specific dates.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics

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CROP PRODUCTION SUMMARY
SOUTH DAKOTA
1978 and 1979
(000's Bushels)

	1978	Indicated 1979	% Change 1978/1979
Corn for Grain	171,520	185,000	+ 7.9
All Wheat	66,000	56,090	-15.0
Rye	6,820	5,460	-19.9
Oats	102,765	98,000	- 4.6
Barley	20,905	20,475	- 2.1
Flaxseed	3,600	4,900	+36.1
Soybeans	11,895	17,110	+43.8
Sorghum for Grain	17,000	15,810	- 7.0
Hay, All	8,625	7,350	-14.8

Source: South Dakota Crop & Livestock Reporter

MONTHLY REPORT ON EMPLOYMENT TRENDS IN NONAGRICULTURAL ESTABLISHMENTS SOUTH DAKOTA--STATEWIDE
September 1978 and 1979
(In 000's)

	Sept. 1978	Sept. 1979	% Change Sept. 1979 from Sept. 1978
Total Nonagricultural	236.4	236.1	- 0.1
Manufacturing	24.3	26.1	7.4
Durable Goods	11.7	12.9	10.3
Lumber & Furniture	2.0	1.8	-10.0
Fabricated Metals & Machinery	7.1	8.6	21.1
Other Durable Goods	2.6	2.6	0.0
Nondurable Goods	12.6	13.2	4.8
Food & Kindred Products	7.6	8.1	6.6
Paper, Printing & Publishing	2.2	2.4	9.1
Other Nondurable Goods	2.8	2.7	- 3.6
Nonmanufacturing	212.1	210.0	- 1.0
Mining	2.6	2.7	3.8
Construction	14.2	14.6	2.8
Transportation & Public Utilities	13.5	13.5	0.0
Railroads	1.4	1.5	7.1
Other Transportation	6.5	6.4	- 1.5
Communications & Public Utilities	5.6	5.6	0.0
Trade	64.8	61.6	- 4.9
Wholesale Trade	17.5	16.7	- 4.6
Durable Goods	7.8	7.7	- 1.3
Nondurable Goods	9.7	9.0	7.2
Retail Trade	47.3	44.9	- 5.1
Finance, Insurance & Real Estate	11.1	11.8	6.3
Services	49.7	49.4	- 0.6
Hotels, Amus., Pers. & Business	13.9	13.7	- 1.4
Medical and Health	18.1	18.2	0.6
Educational, Membership & Social	14.9	14.6	- 2.0
Other	2.8	2.9	3.6
Government	56.2	56.4	0.4
Federal	11.0	10.8	- 1.8
State	14.4	15.2	5.6
State Education	6.4	6.8	6.3
Other	8.0	8.4	5.0
Local	30.8	30.4	- 1.3
Local Education	17.3	16.3	- 5.8
Other Local	13.5	14.1	4.4

Source: South Dakota Department of Labor

PRICES RECEIVED BY FARMERS
FOR COMMODITIES SOLD--SOUTH DAKOTA
September 1978 and September 1979

Commodity	Unit	Base Period Price 1910-1914 Average	Sept. 1978	Sept. 1979	Sept. 1979 Price As % of Base	Percent Sept. 1979 Price Above Or Below Sept. 1978
Wheat	Bu.	$ .85	$ 2.79	$ 3.51	413	+25.8
Corn	Bu.	.51	1.70	2.03	398	+19.4
Oats	Bu.	.35	1.00	1.11	317	+11.0
Barley	Bu.	.59	1.73	1.77	300	+ 2.3
Flaxseed	Bu.	1.68	5.40	6.31	376	+16.9
Milk,Whsl.	Cwt.	1.82	10.10	11.60	637	+14.9
Eggs	Doz.	.196	.375	.356	182	- 5.1
Cattle	Cwt.	5.24	52.90	67.60	1,290	+27.8
Calves	Cwt.	6.08	69.00	92.80	1,526	+34.5
Hogs	Cwt.	7.07	49.90	37.60	532	-24.6
Sheep	Cwt.	4.24	19.50	18.50	436	- 5.1
Lambs	Cwt.	5.66	63.60	68.30	1,207	+ 7.4
Wool	Lb.	.178	.790	.810	455	+ 2.5

Source: South Dakota Crop & Livestock Reporter

HOURS AND EARNINGS OF PRODUCTION WORKERS
IN SELECTED GROUPS IN SOUTH DAKOTA
September 1979 and September 1979

	AVERAGE WEEKLY EARNINGS		AVERAGE WEEKLY HOURS		AVERAGE HOURLY EARNINGS	
	Sept. 1979	Sept. 1978	Sept. 1979	Sept. 1978	Sept. 1979	Sept. 1978
Total Private Nonagricultural (Production & Nonsupervisory)	$182.52	$164.75	35.1	33.9	$5.20	$4.86
Manufacturing	254.07	227.04	42.7	42.2	5.95	5.38
Durable Goods	216.52	197.77	41.8	41.9	5.18	4.72
Lumber & Furniture	214.12	191.95	4.04	3.87	5.30	4.96
Fabricated Metals & Ma h.	210.84	194.05	41.1	41.2	5.13	4.71
Nondurable Goods	290.58	253.72	43.5	42.5	6.68	5.97
Food & Kindred Products	348.38	308.01	45.9	44.9	7.59	6.86
Meat Products	436.00	389.46	50.0	48.2	8.72	8.08
Other Food Products	195.32	181.15	38.6	39.9	5.06	4.54
Paper, Printing & Publishing	200.74	177.02	36.9	36.2	5.44	48.9
Nonmanufacturing	172.04	156.46	34.0	32.8	5.06	4.77
Mining	305.92	300.89	44.4	42.2	6.89	7.13
Contract Construction	319.50	305.82	42.6	42.6	7.50	7.16
Transportation & Public Utilities	300.17	260.94	40.4	38.6	7.43	6.76
Communications & Public Utilities	311.20	285.20	40.0	40.0	7.78	7.13
Trade	148.07	138.67	33.5	32.4	4.42	4.28
Wholesale Trade	219.22	203.25	38.8	37.5	5.65	5.42
Retail Trade	123.95	114.98	31.7	30.5	3.91	3.77
Auto Dealers & Service Stations	227.02	193.16	59.9	44.0	3.79	4.39
Other Retail	107.32	100.52	27.1	28.0	3.96	3.59
Finance, Insurance & Real Estate	163.30	133.35	37.8	35.0	4.32	3.81
Banking	148.16	129.03	35.7	34.5	4.15	3.74
Services	121.18	111.93	29.2	28.7	4.15	3.90

SOURCE: South Dakota Department of Labor

TOTAL PERSONAL INCOME
PLAINS REGION AND STATES
SELECTED QUARTERS 1978-79
(Millions of Dollars)

	1978				1979		PERCENT CHANGE	
State and Region	I	II	III	IV	I	II	II 1978-II 1979	I 1979-II 1979
Plains	123,801	127,729	130,940	138,303	140,924	144,501	+13.1	+2.5
Iowa	22,087	22,690	23,407	24,497	25,531	26,318	+16.0	+3.1
Kansas	17,343	18,084	18,704	19,889	20,137	20,808	+15.1	+3.3
Minnesota	30,408	31,113	31,706	33,583	34,084	34,910	+12.2	+2.4
Missouri	33,943	35,054	35,939	37,215	38,216	39,006	+11.3	+2.1
Nebraska	11,099	11,693	11,942	12,737	12,774	13,246	+13.3	+3.7
North Dakota	4,361	4,486	4,578	5,238	5,038	5,067	+13.0	+0.6
South Dakota	4,560	4,609	4,664	5,099	5,144	5,146	+11.7	+0.0

NOTE: Detail may not add to totals because of rounding.
Percentages are based on the seasonally adjusted data, quarterly totals for the State Personal Income Series will not agree with the Personal Income Measure Carried in the National Income and Product Accounts.

Source: Bureau of Economic Analysis

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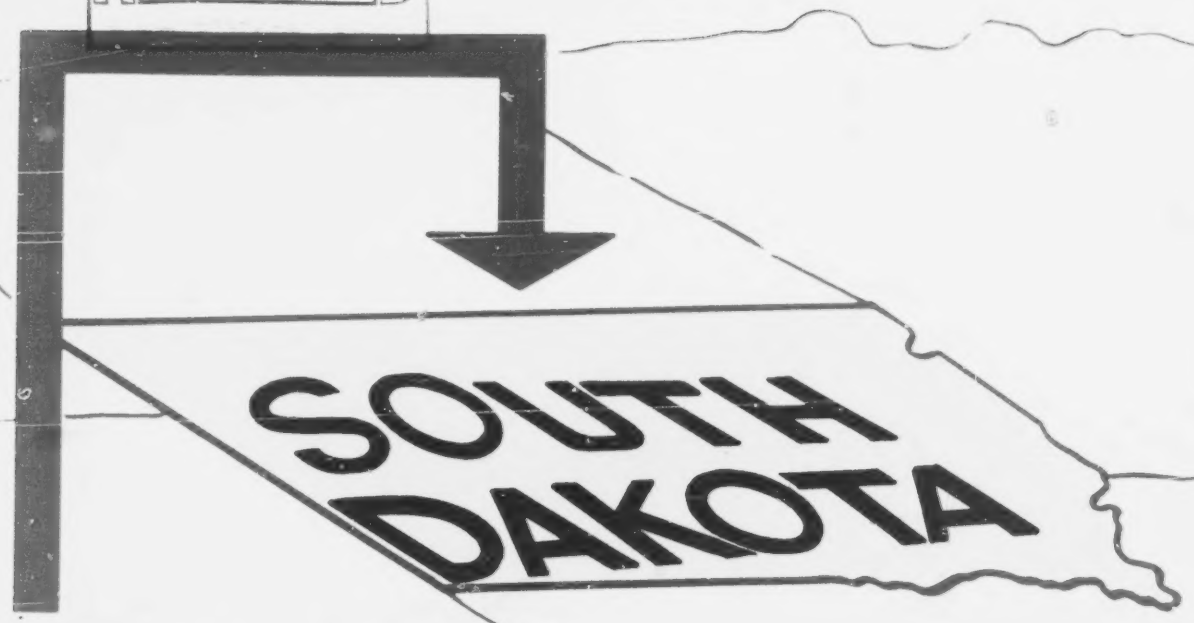

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PERSPECTIVE 1979 – OUTLOOK 1980

Jerry W. Johnson and Ralph J. Brown

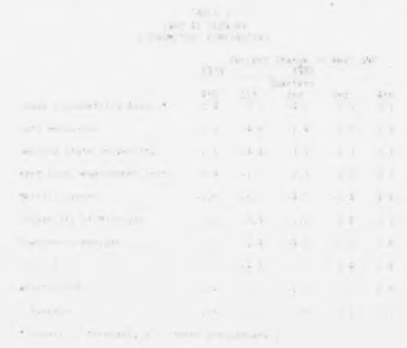
As in previous years the February issue of the Review concerns itself with a look to the past as well as the future. This year we expand our discussion to review the decade of the 1970's as well. Indeed, it is apparent that the past ten years have been a period of relative progress for South Dakota.

The national economy (both past and future) is examined first. The outlook for South Dakota in 1980 is then discussed.

NATIONAL ECONOMY

During the past several months frequent inquiry has been made as to whether the nation is or is not in a recession. According to the traditional definition of two consecutive quarters' decline in real Gross National Product (GNP),[1] the answer is no. Contrary to expectations, real GNP grew by 3.1 percent in the third quarter of 1979, offsetting the 2.3 percent decline in the second quarter. To further confuse the picture preliminary estimates for the fourth quarter suggest another unexpected 1.4 percent positive growth in GNP.

This uncertain and unexpected pattern provides little guidance for 1980. However, if the forecasters are correct, first quarter 1980 will reflect a decidedly sluggish economy. Table 1 summarizes the projections of a number of the better known forecasting services.



The 1979 forecast of the major forecasters were not far off with the exception of their inflation forecasts which most underestimated. Though the average of the projections of GNP for the year were reasonably good the quarterly patterns were clearly in error as most felt that the recession was going to occur much earlier.

A review of each major sector of the national economy gives an idea of why the economy has been hesitant to slide into the long-expected recession and why that recession may now be imminent. Table 2 is a summary of the growth rates in the various components of the national economy as well as a variety of other indices.

Consumer Sector

Review of the personal consumption expenditures component reveals a distinct slowdown in the rate of growth in

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[1] Gross National Product (GNP) is the total market value of all final goods and services produced in the economy in a year. It is a basic measure of output produced in a given year.

the first two quarters of 1979. Third quarter figures, however, reveal a significant turn around with durable goods spending rising about $5 billion offsetting the decline of $5.1 billion in the second quarter. Non-durable goods jumped in excess of $20 billion — a much stronger rise than the $10 billion in the second quarter.

Why the stronger than anticipated strength from the household sector? Much of the strength came from a sharp drop in the savings rate. Indeed, after a relatively slow rate of growth in installment credit throughout the first three quarters of 1979, in September installment credit recorded a record $4.5 billion increase. As a result of September's record borrowings the savings rate has dipped to a post-war record low in December of 2.6 percent. At the same time in the second quarter of 1979, the growth in disposable personal income was negative with a very small growth in the third quarter. Clearly an expenditure growth of 4.8 percent with a 0.2 percent growth in disposable income cannot be maintained, particularly with a savings rate already at a very low 2.6 percent.

Another source of continued growth through 1979 from the consumer sector has been the resilence of the housing market. The ingenuity and continued integration of the financial markets has significantly bolstered the housing market throughout 1979. In excess of $200 billion has been furnished to the financial system since the creation of the money market certificates. In addition, regional housing authorities have expanded their activities, further integrating the financial needs of specific regions into the national financial markets. Both of these factors added to the supply of mortgage money. Finally, interest rates were effectively repressed until October 6, 1979, due to the Federal Reserve's emphasis on short-term interest rates in the implementation of monetary policy. Since October 6, the emphasis of the Federal Reserve has shifted to controlling the monetary aggregates. This has resulted in a substantial rise in interest rates. In summary, through the increased integration of the financial markets, mortgage money remained available, and at least until October, the money costs were held down. In the post-October period, though the necessary dollars remain available in the system, potential home buyers are finding it more difficult to meet the increased costs, which will likely result in further weakness in the housing sector.

The upsurge of GNP over the past four years has been partially due to continued strength in the consumer sector. With the Federal Reserve's shift in emphasis, rising interest rates will place further stringencies on installment debt as well as on the housing market. Further, it should be noted that if inflation does not respond to the new direction of The Federal Reserve, selective credit controls could result. Regardless, the evidence suggests a slowdown in overall consumer spending contributing to the expected sluggishness in the national economy going into 1980.

Business Sector

During 1978 fixed investment grew rapidly with much of the strength coming from the non-residential sector. In the first part of 1979 the growth declined significantly though considerable strength is evident in the third quarter. Most of the weakness in 1979 has been in the residential sector. In contrast, nonresidential, though declining slightly in the second quarter, continues to show surprising strength and was one of the reasons why in 1979 a more rapid decline into a recession was averted.

The strength in the capital spending sector may be difficult to retain into 1980. With excess capacity (evidenced by declining capacity utilization) the need for additional capacity slackens, resulting in delayed capital spending. Another factor is the rapid rise in interest rates. Generally, capital spending is cyclical in behavior and highly responsive to interest rates. With rising interest rates and declining capacity utilization maintenance of growth in capital spending is unlikely. This is further evidenced by a deceleration in the leading indicators for capital spending in the past several months.

During the past year, inventory build-up on the part of businesses has been cautious. Memories of the huge build-up of inventories in 1974 and the full year required to bring them down to an acceptable level remain. In fact, in 1975 inventory investment was negative reflecting the sell-off. In 1974 the inventory/sales ratio for durable goods jumped to 2.21 from 1.95 in 1973 with a peak being reached in 1975 of 2.23. In contrast the same ratio peaked in the second quarter of 1979 at 2.10 and fell off to 2.06 in the third quarter. Also, much of the rise in the current period comes from the auto industry's decline in sales. In general, restraint on inventory build-up is evident. For 1980 continued restraint can be expected.

Government Sector

Recently President Carter presented to Congress his budget for the 1981 fiscal year. Its magnitude of $615.8 billion represents a 9.3 percent increase in nominal terms — virtually no increase in real terms — with a projected deficit of $15.8 billion. The big winner is the defense establishment with an increase of 12 percent reflecting increased concerns over Soviet aggression and other unrest in the Middle East. Of the total budget approximately 24 percent will go to defense-related activities, 43 percent to direct payments to individuals, 15 percent to state and local governments, 9 percent to interest on debt, and the remainder to other government operations.

A variety of proposals are included in the budget. On taxes the "windfall profits" tax on oil companies is included as are a variety of attempts on the part of the administration to speed up the collection of taxes. It is likely that the windfall tax will pass Congress, but many of the efforts to speed up collection will not. Included also is a reduction in receipts of $300 million which would result if additional energy-related credits are allowed by Congress. Total federal spending on energy-related activities is projected at $8.1 billion, up by 4.7 percent. Though the increase is not large in magnitude the budget does reflect a major shift in emphasis away from nuclear fission to conservation, solar, and other renewable forms of energy, and coal. In addition to this $8.1 billion, total energy-related credits would amount to about $6.5 billion. On environmental concerns the budget reflects a very small increase with most of the increase concentrated on regulating those substances which could cause immediate harm to people. The major winner is solid waste management. On agriculture the budget reflects a decline of 15 percent, though given the recent Soviet embargo it is doubtful that such restraint may be maintained. Most of the decline was in the sell-off of loans by the Farmers Home Administration. Regardless, the actual size of the agriculture budget is highly uncertain at this time. Though the level of unemployment is expected to rise, the administration is not proposing additional programs to offset its impacts. As the Labor Department describes it, "in periods of tight budgets, programs are maintained at current levels." Finally, no proposals for cuts in Social Security are included. In summary on the federal level nominal expenditures can be expected to rise about 10 percent.

Historically, state and local expenditures have been rising at a relatively stable pace, remaining at a fairly stable 12 to 13 percent of total GNP. With the tax revolt gaining momentum this ratio can probably be expected to remain about stable or decline slightly.

In general, the public sector can be expected to be slightly stimulating primarily due to expanded defense spending on the federal level.

Continued on page 6

On the national scene the outlook remains much the same as it has for the past several months. Most economists continue to forecast sluggishness for the first two quarters of 1980 with improvement occurring in the last half. The depth of the slowdown varies among forecasters though most have projected the maximum decline in the growth in gross national product to be roughly three percent negative growth.

On the state scene a similar pattern is forecasted. As of mid February the most recent total personal income information suggests that the slowdown may have already occurred with the first two quarters of 1979 showing virtually no growth with third quarter preliminary showing a negative .1 percent growth. For 1980 it is expected that the growth pattern in personal income will return to its normal historical growth rate of about 3.6 percent. This will likely occur in the later part of 1980. The table below compares personal income in South Dakota with the area states.

The two articles featured in this edition of the **Review** review the 1980 forecasts in some depth.

Taking a look at the six indicators of economic activity in South Dakota maintained by the Business Research Bureau we find a continued slowdown in the sale of new cars and new trucks. **New truck sales** declined in each of the four quarters of 1979 compared to 1978 with a 12.2 percent drop in the fourth quarter. It is interesting to note that sales increased substantially in October by 48.4 percent, then dropped significantly in November and December of 1979 compared to last year.

New car sales have declined every month from April through September, then, like new truck sales, increased by 41.7 percent before dropping in November and December to 64.5 and 14.5 percent respectively. Sales of new cars were down 18.8 percent for the year 1979 compared to last year.

Construction employment in South Dakota decreased by 4.8 percent in the fourth quarter of 1979 compared to this period a year ago and closed out the year with a 0.3 percent decrease compared to 1978. According to the December 1979 "South Dakota Labor Bulletin" published by the South Dakota Department of Labor, unemployment in South Dakota increased from 3.1 percent in November to 3.5 percent in December 1979 on a seasonally adjusted basis. For the year 1979 the average unemployment rate was 3.5 percent, somewhat higher than the 1978 rate of 3.0 percent.

The remaining three indicators registered increases for the year 1979 compared to 1978.

Taxable sales at 4% were up by 4.7 percent for the third quarter 1979 compared to 1978 and by 8.3 percent for the period January - September 1979.

Postal receipts for South Dakota increased by 5.5 percent for the fourth quarter of 1979 compared to 1978 and finished the year with an increase of 9.7 percent compared to 1978.

Insurance sales registered the highest increase of the six indicators with an annual increase of 17.3 percent and an increase of 13.0 percent for the fourth quarter of 1979 compared to this period a year ago.

TOTAL PERSONAL INCOME
PLAINS REGION AND STATES
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

Plains Region and State	1978 3rd Quarter	1978 4th Quarter	1979 1st Quarter	1979 2nd Quarter	1979 3rd Quarter	Percent Change 3rd Qtr. 1978-3rd Qtr. 1979	Percent Change 2nd Qtr. 1979-3rd Qtr. 1979
Plains	130,940	138,303	140,924	144,501	147,387	12.6	2.0
Iowa	23,407	24,497	25,531	26,318	26,435	12.9	0.4
Kansas	18,704	19,889	20,137	20,808	21,235	13.5	2.1
Minnesota	31,706	33,583	34,084	34,910	35,896	13.2	2.8
Missouri	35,939	37,215	38,216	39,006	39,792	10.7	2.0
Nebraska	11,942	12,737	12,774	13,246	13,566	13.6	2.4
North Dakota	4,579	5,283	5,038	5,067	5,321	16.2	5.0
South Dakota	4,664	5,099	5,144	5,146	5,143	10.3	- 0.1

MONTHLY BUSINESS INDICATOR INDICES
January--Dec., 1978 and 1979
(1967 Equals 100)

	Insurance Sales			Postal Receipts			Taxable Sales(4%)			New Cars			New Trucks			Construction Employ.		
			**			**			***			**			**			***
	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.	1978	1979	Chge.
January	275.4	339.3	+23.2	259.7	306.2	+17.9				74.0	107.2	+44.7	121.5	109.1	-10.2	177.6	179.4	+ 1.0
February	256.7	333.0	+29.7	253.5	308.0	+21.5				90.7	67.9	-25.2	124.0	99.8	-19.5	168.4	173.6	+ 3.1
March	276.3	327.2	+18.4	248.2	288.8	+16.4				54.5	98.3	+80.4	114.4	145.3	+27.0	177.2	175.5	- 1.0
1st Qtr.			+23.3			+18.4			+11.6			+28.5			- 3.2			+ 1.0
April	288.1	388.0	-34.7	237.2	291.6	+22.9				311.3	123.7	-60.3	408.1	266.0	-34.8	174.2	159.9	- 2.5
May	299.2	366.5	+22.5	301.3	340.5	+13.0				142.8	85.8	-39.9	116.1	58.8	-49.4	157.2	157.2	+ 0.0
June	321.8	365.2	+13.5	337.2	328.4	- 2.6				227.3	160.6	-29.4	375.5	191.3	-49.1	154.3	156.5	+ 1.4
2nd Qtr.			+23.2			+10.4			+ 9.6			-42.2			-44.0			- 0.3
1st Half			+23.2			+14.2			+10.5			-22.6			-30.0			+ 0.3
July	320.0	366.9	+14.6	320.4	336.3	+ 5.0				112.6	83.0	-26.3	156.6	174.2	+11.3	147.8	150.7	+ 2.0
August	344.7	404.5	+17.3	320.8	338.6	+ 5.5				170.4	138.1	-18.9	276.8	196.5	-29.0	152.4	157.5	+ 3.4
September	304.0	303.1	- 0.3	306.0	324.2	+ 5.2				160.4	139.3	-13.1	134.3	151.5	+12.8	154.0	156.3	+ 2.8
3rd Qtr.			+10.9			+ 5.2			+ 4.7			-19.9			- 7.7			+ 2.7
1st 9 Months			+19.0			+11.2			+ 8.3			-21.6			-22.8			+ 1.2
October	335.5	408.1	+21.6	326.2	352.5	+ 8.0				102.3	145.0	+41.7	141.9	210.5	+48.4	159.5	152.8	- 4.2
November	325.4	318.1	- 2.3	315.1	323.8	+ 2.8				114.5	40.7	-64.5	169.2	84.1	-50.3	163.8	157.6	- 3.8
December	363.8	429.5	+18.1	289.0	305.2	+ 5.6				118.7	101.4	-14.5	229.1	144.9	-36.7	173.3	161.8*	- 6.6
4th Qtr.			+13.0			+ 5.5			NA			- 8.2			-12.2			- 4.8
Year			+17.4			+ 9.7			NA			-18.8			-20.5			- 0.3

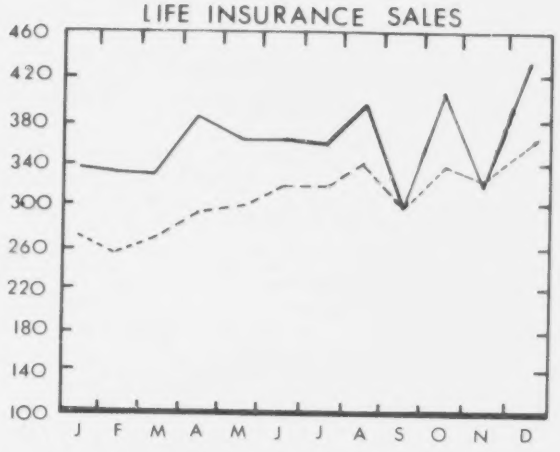
*Preliminary
**Percentage changes based on original data
NOTE: Retail sales data is received on a quarterly basis only and are not received until the end of the month following the previous quarter.

SOUTH DAKOTA BUSINESS INDICES
1978 – 1979

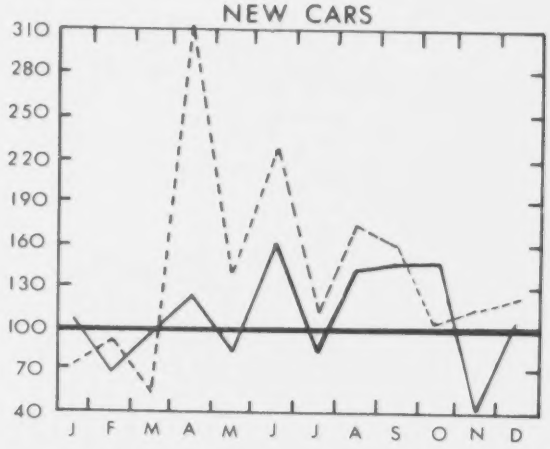
ADJUSTED FOR SEASONAL VARIATION

BASE 1967 = 100*

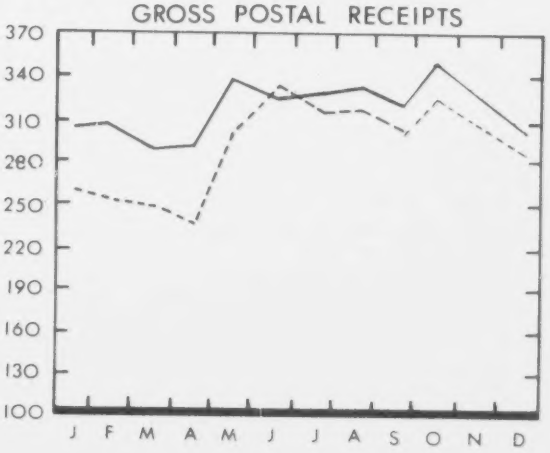
LIFE INSURANCE SALES



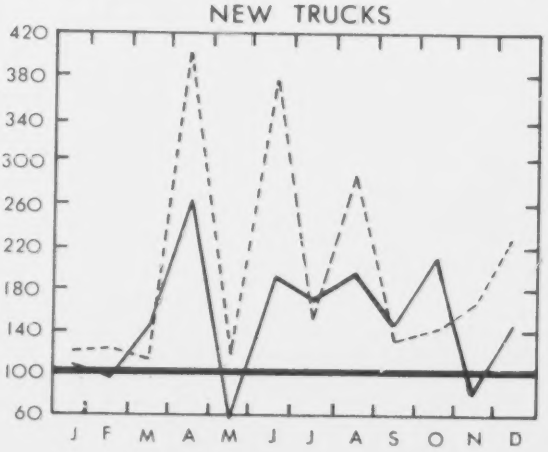
NEW CARS



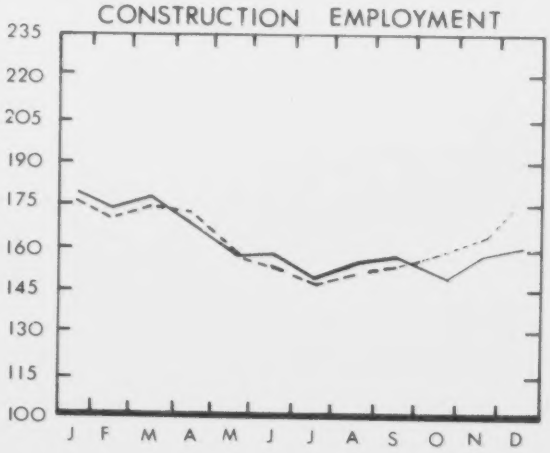
GROSS POSTAL RECEIPTS



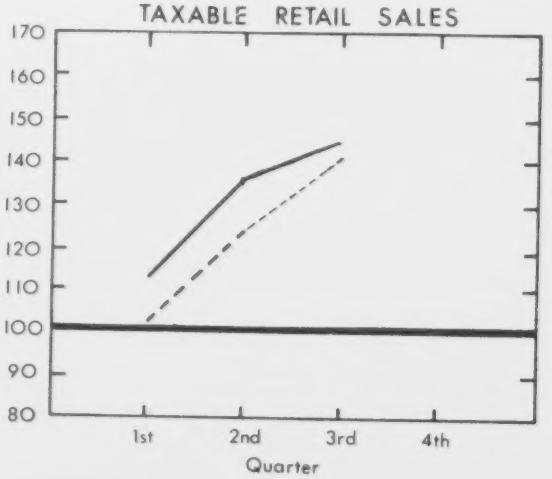
NEW TRUCKS



CONSTRUCTION EMPLOYMENT



TAXABLE RETAIL SALES



1978 - - - - - - - -

1979 ————

* Taxable Retail Sales Base 1976 = 100

Foreign Sector

Over the past several years U.S. exports have increased steadily. Effects of the devaluation of the dollar over the past two years are finally being felt. With a weakened dollar, prices of U.S. goods overseas become more attractive while imports become more expensive. For this reason stimulus from the export sector can be expected.

A trade surplus in 1980 is a possibility despite expected OPEC price increases. Offsetting the flow of oil dollars should be the dollars from the exports of agricultural commodities and capital equipment.

Monetary Sector

Action by the Federal Reserve signals even further slowing. Since adopting new operating procedures on October 6, 1979, the Federal Reserve has allowed interest rates to rise rapidly. The Federal Reserve's greater emphasis on controlling bank reserves rather than controlling short-term interest rates has led to a slowdown in the growth in the monetary aggregates, as illustrated in Table 3.

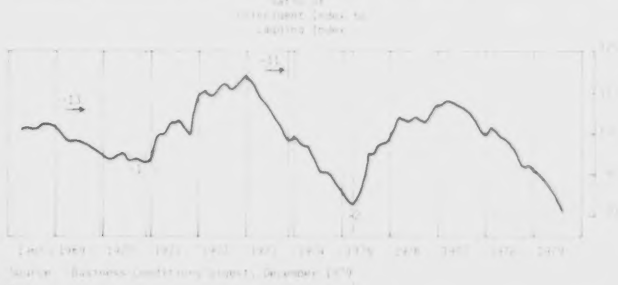
Leading Indicators

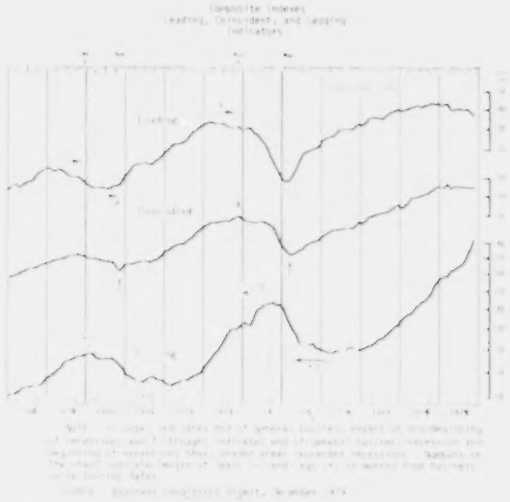
The leading indicators of economic activity are published monthly by the Department of Commerce. There are twelve leading indicators which are then combined to form the composite leading indicator. Though not fallible, historically this indicator has an average lead time in signaling economic downturns of 11.6 months. It peaked in October of 1978 and has trended downward since, though erratically. It plummeted strongly in October and November, 1979. Of the components of the composite index, the greatest decline occurred in building permits followed closely by new orders in the manufacturing of consumer goods and materials. Of those reported in the December release only three were positive over the period of October to November.

Another interesting indicator, though much less well-known, is formed by computing the ratio of the composite coincident indicator with the composite lagging indicator. Interestingly, since the early fifties this indicator has tended to lead turns in the business cycle by about 19.5 months. This ratio began declining in April of 1977. This suggests that the current downturn began in March of 1979. In addition, its movement at the early stage of a recession has tended to foretell the severity of the recession. Since March, 1979, this indicator has plunged almost fourteen percent compared to its 10.5 percent decline in the 1974-1975 recession.

The following two graphs provide the leading, coincident and lagging indicators as well as the ratio of the coincident to the lagging indicator.

The evidence provided by these indicators clearly points to sluggishness in the earlier months of 1980.





SOUTH DAKOTA ECONOMY

The South Dakota economy experienced slightly less than normal growth in 1979. Personal income expanded approximately 10 percent in nominal terms and 1.1 percent in real terms.[2] Last year this forecaster anticipated an increase of 9.7 percent in nominal terms and an increase of 2.0 percent in real terms. Like many other forecasters, the inflation rate for 1979 was underestimated.

The farm sector showed little growth in 1979 over 1978 with farm proprietors' income only 2.6 percent higher in nominal terms and down 6.3 percent in real terms. The forecast for farm income was very close with a forecast of $755 million compared with the actual level of $763 million. This past year saw a 9 percent drop in wheat production, while experiencing production records in corn for feed and soybeans. Record corn yields of 74 bushel per acre and an increase in soybean production of 76 percent were the highlights in the crop production area. Cattle and hog inventories continued to build in 1979 with cattle inventories up some 7 percent and hogs up 14 percent.

Of course the big concern going into 1980 is the short and long-run impact of the Soviet grain embargo. Prior to the embargo it was expected that farm income would move lower in 1980 under the pressure of rapidly rising production expenses. Combining this outlook with the embargo further weakens the farm income outlook. Chase Econometrics expects that U.S. farm income will be about $1.0 to $1.5 billion lower as a direct result of the embargo.

South Dakota Forecast

The forecasts this year are based on a new version of the South Dakota Econometric Model (SDEM). The new version differs from the old version in that it is much smaller and based on quarterly rather than annual data. Also, the model is built around the personal income accounts rather than the gross state product accounts approach. The reason for this change is that the gross state product estimates are based on rather artificial assumptions and are available with only 18 month lags.

An econometric forecast is premised on a set of assumptions for key exogenous variables. Important exogenous variables in the SDEM system include national

[2] 1979 personal income estimates are based on the first three quarters of actual data and Business Research Bureau estimates for the fourth quarter.

macroeconomic variables, agricultural and production prices, government farm programs, and government monetary and fiscal policies. The national macroeconomic assumptions in the SDEM system are based on macroeconomic forecasts provided by Chase Econometric Associates, Inc. The agricultural forecasts are based on the agricultural model of Chase Econometrics.

The basic national macroeconomic assumptions of the SDEM system forecasts were as follows:

1. Real GNP growth of 3.2 percent in 1980.
2. Consumer price index change of 11.0 percent and personal consumption deflator change of 9.9 percent in 1980.
3. The unemployment rate will average 7.2 percent in 1980.

The key agricultural assumptions of the SDEM system forecasts were as follows:

1. Prices received by farmers for crops will be down 1 percent in 1980.
2. Prices received by farmers for livestock will be up 3 percent in 1980.
3. Farm production expenses will be up 9.3 percent in 1980.

This year the forecast is that nominal personal income will increase 6.7 percent. Since we assume a 9.9 percent increase in the personal consumption deflator this means that real personal income will decline 3.2 percent. The major reason for forecasting a slow growth economy is the expected poor performance in farm income in 1980. The negative growth for real personal income is not unprecedented in the South Dakota economy. In fact, real personal income declined 13.7 percent in 1974, and 2.9 percent in 1975, and 3.9 percent in 1976, as noted in Table 4.

TABLE 4
PERSONAL INCOME BY COMPONENTS
SOUTH DAKOTA

Variable	1975	1976	1977	1978	1979	Forecast 1980
Personal Income (Mil. Curr. $)	3401	3436	4022	4733	5209	5556
Percent Change	5.0	1.0	17.1	17.7	10.0	6.7
Wages and Salaries	1552	1878	2050	2323	2568	2830
Other Labor Income	100	150	178	209	239	267
Proprietors' Income	742	435	755	1065	1109	1050
Nonfarm	229	268	274	302	326	336
Farm	513	167	481	763	783	714
Property Income	519	609	656	734	840	903
Transfer Payments	392	511	550	595	670	758
Less Pers. Cont. for Soc. Ins.	108	155	171	194	222	246
Plus Residence Adj.	6	5	4	4	6	7
Personal Income (Mil. 72 $)	2691	2587	2865	3155	3190	3089
Percent Change	-2.9	-3.9	10.7	10.0	1.1	-3.2

As is always the case in forecasting the South Dakota economy, the farm income forecast is the most vulnerable part of the forecast. The forecast is that farm proprietors' income will be down 9 percent in 1980. This forecast is premised primarily on a sharp increase in farm production expenses relative to gross farm income and the negative impact of the Soviet grain embargo.

Summary

On the national scene there are distinct signs of sluggishness for 1980. As was shown this is particularly true in the first two quarters as evidenced by most of the data currently being collected. The long-expected recession appears to have arrived.

The State outlook is not dissimilar. For 1980, personal income in 1972 dollars is forecasted to fall by 2.9 percent. Preliminary review of the data for the first three quarters of 1979 reveal that this slowdown has already occurred.

As a summary it appears that the first two quarters of 1980 will represent the trough of the current downturn with improvement occurring in the last half of 1980 and the first part of 1981.

THE DECADE IN REVIEW

William H. Bergman and Ralph J. Brown

Population

It has taken half a century for the population of South Dakota to return to the zenith that it enjoyed in 1930, but if recent trends continue, the 1980 Census should raise the State's population to 693,000 which would be an alltime high. The population declined during the drought and depression years of the Thirties and posted modest increases through the war and post-war years of the '40's and '50's. From 1960 to 1970 the population declined 2.1 percent as the increasing urban population was more than offset by the declining rural population and net out-migration accounted for a loss of some 92,500 people. However, current estimates suggest that the large net out-migration of the 1960's did not occur in the 1970's. It is estimated that in 1978 there were 689,300 people living within South Dakota's 76,000 square miles. This represents an increase of 3.5 percent from the tally of the 1970 Census and reveals that South Dakota has made good progress in mitigating out-migration during the period—only about 1/7th that of previous decades. It appears that the young adult and middle-aged population have not been leaving the State in the large numbers experienced in the '50's and '60's. The 25 to 44 year age group represented about 20 percent of the total population in 1970, but is estimated to represent 23 percent today. The 25 to 55 age group, the prime working years, has grown by 9 percent since 1970 which suggests that workers are becoming seasoned and mature which should result in gains in productivity. It's quite possible that national recessionary and inflationary forces have helped to reduce out-migration because people perceive little advantage in moving to other parts of the country where inflation is as great and unemployment is much higher than in South Dakota. Also, it must be recognized that economic development efforts in the State have helped provide more job opportunities than have previously existed. The size of the civilian labor force has grown significantly since 1970 and in 1979 a record number of South Dakotans were on the job—an average of 327,000 were employed—which is 26 percent greater than the employment level of 1970.

Still another factor which has influenced people to remain in and move to South Dakota is what is referred to as Quality of Life. This is a difficult ingredient to quantify, but it nevertheless is a significant force as safe neighborhoods, clean air, and abundant sport and recreational opportunities assume greater importance in the locational decisions of families.

Labor Force

The number in South Dakota's civilian labor force has been growing at an average annual rate of 3 percent in the decade and the labor force participation rates (LFPR) have also been on the rise. The LFPR is the proportion of the noninstitutionalized civilian population 16 years and over who are either employed or looking for work in contrast to those attending school, citizens of leisure, or working in the home. Total labor supply is determined by labor force participation rates which in turn are influenced by wage rates and economic conditions. It is estimated that the overall labor force participation rate for South Dakota stood at 65.7 percent in 1979 compared with 59.4 percent in 1970. The key long-run shift has been the large influx of women into the labor force. In 1970 the female labor force participation rate was about 40 percent but today it stands at 50 percent which is also the national LFPR for women. Over 39,000

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women have entered the State's labor force since 1970. Increased employment opportunities and attractive wages and liberation have prompted many females to enter the labor force, but perhaps a more potent influence has been the increasing pressure placed on the family budget by inflation and credit card purchases which the male bread-winner finds difficult to handle without help.

The civilian labor force consists of those persons who are working and those who do not have jobs, but are looking for work. On average, 96.5 percent of those in the State's labor force in 1979 were employed. The other side of the story is that an average of 12,000 were unemployed and looking for work for a 3.5 percent unemployment rate compared to 6 percent nationally for the same period and just slightly higher than the 3.4 percent posted in South Dakota at the start of the decade.

The preceding discussion hints that South Dakota has been making progress toward the general improvement of human existence. Statistics indicate that the numbers living in poverty have decreased, but that considerable poverty still exists. The 1970 Census showed that 18.7 percent of all persons were below the poverty level whereas more recent data from the 1975 Income and Education Survey estimated that 13.1 percent of South Dakotans were impoverished. It would appear that good progress has been made in this regard with much remaining to be done.

Employment

One way of viewing employment is to divide the economy into two broad categories — **goods-producing industries** and **service-producing industries**. Goods-producing industries include farming, mining, construction, and manufacturing. Jobs in the goods-producing industries as a group have been relatively stable, posting a modest 7.3 percent increase from 1970 to 1978. Growth rates may vary among the different industries of the group. Jobs in manufacturing and construction have been very strong, increasing 51 and 70 percent respectively, but these gains have been largely offset by minimal increases in mining and a substantial decrease in farm employment. Technological breakthroughs, automation, improved feeds and seeds, and sophisticated machinery have spurred increasing productivity in goods-producing with few additional workers.

Currently, most of the nation's workers are employed in service-producing industries and the same can be said for South Dakota. It is estimated that nearly 72 percent of the jobs in 1978 in South Dakota were service-producing category oriented. In aggregate, the industries of the category expanded 22 percent in the past nine years growing from approximately 201,000 in 1970 to over 245,000 in 1978 in response to rising incomes and living standards and the accompanying demand for more services of all types. Here again, growth rates vary among the industries within the category highlighted by a dramatic 75 percent increase in jobs in Wholesale Trade. The Service Industry itself (health, business services, maintenance and repair services, etc.) has the second largest employment of the service-producing category and it has increased nearly 44 percent in size since 1970. Finance, Insurance, and Real Estate grew nearly 46 percent in the decade. Government of all types (federal, military, state, and local) is considered a part of the service-producing category. The category contains the most jobs of any service-producing industry, but it may come as a surprise to read that the number of jobs in Government have increased, since 1970, at a lower rate than any other industry of the group (+3.3%). However, it should be clarified that Federal Civilian and State and Local Government employment has risen 7.5 and 7 percent respectively during the decade while Federal Military has dropped more than 13 percent.

Table 1 provides the reader with employment data derived from printouts of the Regional Economic Information System of the Bureau of Economic Analysis. It pertains to employment by place of work and covers full and part-time employment. It relates to the number of jobs that are present in various industries as contrasted to the more usual labor force presentation which slots one worker into one job. The information of Table 1 recognizes that many people work at more than one job, either by choice or out of necessity. Information of this type is of interest to employers, manpower planners, educators and persons contemplating career decisions. Although no one can predict with 100 percent accuracy what the future holds, it is possible to make some judgments concerning employment by occupation given a knowledge of the magnitudes and trends in industry employment. One generalization to keep in mind is that barring dramatic technological innovation or other startling phenomena, the job openings of tomorrow will tend to be in the same direction that the action is today.

TABLE 1
NUMBER OF JOBS
SOUTH DAKOTA
1970 and 1978

Employment by Place of Work (Full and Part-Time)	1970	1978	% Change 1970-1978
Total Employment	291,014	341,903	+17.5
Wage and Salary Employment	216,437	268,794	+24.2
Proprietor's Employment	74,607	73,109	- 1.7
Farm	50,900	45,295	-11.2
Nonfarm	23,707	28,114	+18.6
Wage and Salary Employment By:			
Farm	12,335	10,300	-16.5
Nonfarm	204,072	257,994	+26.4
Private Nonfarm Employment	134,387	185,685	+38.5
Agr.Services, Forestry, Fisheries	2,347	1,297	-44.7
Mining	2,446	2,754	+12.6
Construction	8,051	13,716	+70.4
Manufacturing	16,272	24,606	+51.2
Transportation & Pub.Util.	11,001	13,367	+21.7
Wholesale Trade	9,800	17,214	+75.6
Retail Trade	39,119	48,046	+22.3
Finance, Ins. & Real Estate	7,303	10,746	+45.6
Services	37,464	53,869	+43.8
Government (Federal, Military, State, Local)	69,685	72,309	+ 3.3

Personal Income Trends

Probably the most widely used indicator of state economic activity based on published data sources is personal income. The bulk of personal income is derived from production. Personal income includes wages and salaries, other labor income, proprietors' income, rental income of persons, dividends, personal interest income, and transfer payments, less personal contributions for social insurance.

Personal income adjusted for inflation or real personal income provides a fairly comprehensive measure of the real levels of economic activity at the state level.[1] A historical view of South Dakota real personal income (1972 $'s) since 1958 is presented in Figure 1. The actual levels of real personal income are plotted against the trend to provide some measure of cyclical variations over time. The peaks (P) and troughs (T) of U.S. business cycles are also identified to provide some idea of the sensitivity of South Dakota personal income to the national business cycle. Examination of Figure 1 shows that the 1960-1961 and 1969-1970 recessions seemed to have had little impact on the South Dakota economy, while the 1973-1975 recession seems to better coincide with the State's economic trends. Undoubtedly, this is due, in part, to the almost simultaneous peak in agricultural prices and the business cycle. Two other major deviations of South Dakota personal income ('72 $'s) from trend occurred after the completion of the Missouri River dams in the early 1960's and during the 1976 drought.

Examination of Figure 1 raises the question of whether the 1970's were a period of greater instability than the 1960's. One rough test of this hypothesis is to compare the

[1]Real personal income is computed by deflating personal income by the personal consumption deflator rather than the Consumer Price Index.

average percentage deviations from trend over these two periods. To facilitate the test we will define the percentage gap as the difference between trend and actual personal income as a ratio to trend.

$$\% \text{ Gap} = \frac{\text{Trend} - \text{Actual}}{\text{Trend}} \times 100$$

Table 2 shows the average absolute percentage gap over the two time periods, the standard deviation of the percentage gap, and the high and low percentage gap dates. The average percentage gap was 3.6 percent during the 1960's and 6.0 percent during the 1970's. Not only is the average percentage gap greater in the 1970's but the range of deviations were greater with personal income rising to 18.6 percent above trend in the fourth quarter of 1973 and to 17.1 percent below trend in the second quarter of 1976.

Several events account for the greater income variability in the 1970's than in the 1960's. The unprecedented boom in agricultural prices in 1973 due to the Russian wheat deal, several devaluations of the dollar, and worldwide inflation pushed income well above trend. In 1976, the most severe drought in South Dakota history accounted for a severe drop in farm income. External shocks to the South Dakota economy did not occur in the same magnitude during the 1960's.

TABLE 2
AVERAGE ABSOLUTE PERCENTAGE GAPS (DEVIATION FROM TREND) FOR THE 1960-70 AND 1971-79 PERIODS

	Average Absolute Percentage Gap	Standard Deviation	Date of % Gap Actual Greater than Trend	Date of % Gap Actual Less than Trend
1960-69	3.6%	2.8%	-6.9% on 62-2	9.6% on 64-3
1970-79	6.0%	5.2%	-18.6% on 73-4	17.1% on 76-2

In summary even though the 1970's have been a decade of greater instability the trend of real personal income has been up.

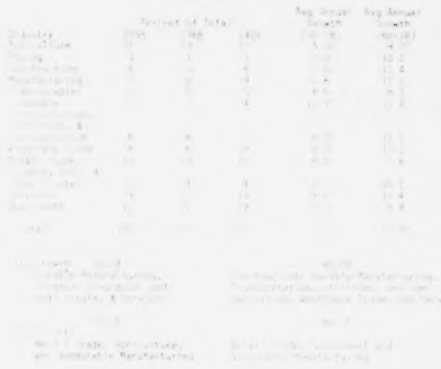
Personal Income by Industry

Agriculture, the number one industry in South Dakota as a source of personal income accounted for about 23 percent of labor and proprietors' income in 1968 and 1978. This is down from 31 percent in 1958. Based on this measure South Dakota is the most agricultural state in the Union with North Dakota ranking second with 16 percent of labor and proprietors' income in agriculture. Personal income shares by industry are presented in Table 3. While Agriculture ranks first, Government is the second largest industry with 19 percent of labor and proprietors' income and Wholesale and Retail Trade combined ranks third with 17 percent.

Over the 1968-1978 period the fast growing industries have been Durable Manufacturing, Construction, and Wholesale Trade, while Retail Trade, Nondurable Manufacturing, and Government have been slow growth industries. Taking the longer view, over the 1958-1978 period we find the fast growth industries were Durable Manufacturing, Services, and Finance, Insurance, and Real Estate, while the slow growth industries were Agriculture, Retail Trade, and Nondurable Manufacturing.

In both decades Durable Manufacturing was the fastest growing industry in South Dakota. The bulk of this growth has been in machinery, instruments and related products, and lumber and wood products manufacturing. Nondurable manufacturing, which is dominated by food and kindred products, has experienced relatively slow growth in personal income shares.

TABLE 3
Personal Income Shares by Industry
1958, 1968, and 1978

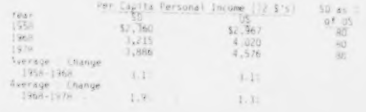


Per Capita Income

Trends of per capita personal income provide some measure of the amount of personal income available per person. Table 4 presents information on per capita personal income trends measured in 1972 dollars and their growth rates for the United States and South Dakota over the past several decades.

As can be seen from this information South Dakota per capita personal income in 1978 ('72 $'s) was 88 percent of the U.S. figure, up from 80 percent in 1958 and 1968. The data indicates that South Dakota per capita personal income has grown at a faster rate over the past decade than in the U.S., but that both South Dakota and the U.S. realized slower growth rates over the last decade than the preceding decade.

TABLE 4
Per Capita Personal Income Trends,
South Dakota and United States



It is interesting to compare the State's rank of 35th for per capita personal income with its ranking of 50th in terms of average industrial wages. This discrepancy reflects two basic characteristics of the South Dakota economy. First, South Dakota has a lower percent of personal income derived from wages and salaries than does the U.S. Fifty percent of the State's personal income comes from wages and salaries, while for the U.S. 64 percent of personal income comes from wages and salaries. Approximately 22 percent of the State's personal income is derived from proprietors' income, while only 7 percent of U.S. personal income is proprietors' income. As a consequence industrial wages are not very indicative of the South Dakota relative income position. Secondly, South Dakota has a higher percentage of its wage and salary workers employed in relatively low wage industries, such as agriculture, wholesale and retail trade, and services, than does the U.S.

Farm Income Trends

Since the farm sector is a prime mover in the South Dakota economy a more detailed look at its trends is warranted. Figure 2 presents the actual and trend of South Dakota farm proprietorship income in real terms over the 1958-1979 period. The obvious conclusion derived from examination of this data is that trend has been up but there is tremendous variation around that trend. In recent years the obvious large deviations from trend occurred in 1973 with the agricultural price boom and in 1976 with the worst drought in South Dakota history. Recent data reflects the "age-old"

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GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
First Three Quarters 1978 & 1979
(In $000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return.

REGION I	Jan-Sept 1978	Jan-Sept 1979	% Change Jan-Sept 1978/1979
Brookings	99,341	114,457	15.2
Brookings	81,692	93,460	14.4
Elkton	3,977	4,663	17.3
Volga	4,351	5,254	20.8
Clark	14,978	18,138	21.1
Clark	9,639	11,559	19.9
Codington	163,019	185,360	13.7
Watertown	156,100	178,616	13.0
Deuel	15,722	18,691	18.9
Clear Lake	9,919	11,353	14.4
Gary	1,046	1,438	37.5
Grant	41,198	48,718	18.3
Big Stone	1,452	1,722	18.6
Milbank	34,597	40,238	16.5
Hamlin	16,833	19,944	18.5
Bryant	3,876	4,424	14.2
Castlewood	2,236	2,731	22.1
Estelline	4,090	4,312	5.4
Hayti	3,659	4,138	13.1
Kingsbury	34,711	40,126	15.6
Arlington	9,400	11,209	19.3
DeSmet	10,732	12,081	12.6
Lake Preston	6,327	6,564	3.7
Lake	57,227	63,025	10.1
Madison	47,985	56,639	18.0
Miner	12,797	15,238	19.1
Howard	9,175	10,703	16.2
Moody	27,200	31,469	15.7
Colman	9,164	10,293	12.3
Flandreau	13,269	15,582	17.4
TOTAL	483,027	555,167	14.9
REGION II			
Clay	48,118	49,882	8.2
Vermillion	42,148	44,991	6.7
Lincoln	48,256	57,806	19.8
Canton	24,184	27,163	12.3
Hudson	1,655	1,818	9.9
Lennox	7,399	7,620	3.0
McCook	34,544	43,224	25.1
Bridgewater	6,728	8,005	19.0
Canistota	3,467	4,337	25.1
Salem	19,335	24,542	26.9
Spencer	2,842	3,714	30.7
Minnehaha	1,027,753	1,160,374	12.9
Brandon	3,610	4,601	27.4
Colton	6,053	6,457	6.7
Dell Rapids	15,320	18,086	18.1
Garretson	7,400	7,957	7.5
Hartford	5,833	6,940	19.0
Sioux Falls	952,443	1,053,321	10.6
Turner	30,668	35,540	15.9
Centerville	4,287	4,638	8.2
Marion	9,147	10,936	19.6
Parker	7,930	8,561	8.0
Viborg	3,732	5,085	36.3
Union	52,375	60,555	15.6
Alcester	6,657	7,963	19.6
Beresford	18,571	20,002	7.7
Elk Point	9,156	10,691	16.8
N. Sioux City	14,466	16,997	17.5
TOTAL	1,239,714	1,407,381	13.5
REGION III			
Aurora	11,153	13,543	21.4
Plankinton	6,072	7,121	17.3
Bon Homme	32,681	36,982	13.2
Avon	5,842	7,185	23.0
Scotland	9,137	8,581	- 6.1
Springfield	5,171	6,024	16.5
Tyndall	9,788	11,803	20.6
Tabor	2,707	3,297	21.8
Brule	31,399	33,439	6.5
Chamberlain	24,204	25,058	3.5
Kimball	6,075	7,239	19.2
Charles Mix	40,628	47,357	16.6
Geddes	2,808	3,468	23.5
Lake Andes	4,560	5,380	18.0
Platte	16,371	18,668	14.0
Wagner	15,544	18,272	17.6
Davison	165,641	186,540	12.6
Mitchell	158,529	176,989	11.6
Douglas	19,280	22,559	17.0
Armour	6,270	6,942	10.7
Corsica	10,701	12,830	19.9
Gregory	28,239	33,824	19.8
Burke	5,649	6,683	18.3
Gregory	14,595	18,084	23.9
Hanson	14,248	18,287	28.4
Alexandria	9,902	12,231	23.5
Emery	2,857	4,064	42.3
Hutchinson	47,087	61,488	30.6
Freeman	14,859	21,100	42.0
Menno	5,763	8,064	39.9
Parkston	17,421	21,782	25.0
Tripp	4,824	5,217	8.2
Jerauld	14,689	19,063	29.8
Wess. Spngs.	10,376	13,539	30.5
Sanborn	8,591	10,699	24.5
Woonsocket	6,633	8,045	21.3
Yankton	145,169	184,434	27.0
Yankton	137,605	174,726	27.0
TOTAL	558,804	668,215	19.6
REGION IV			
Beadle	112,693	130,629	15.9
Huron	105,542	121,026	14.7
Brown	271,547	309,483	14.0
Aberdeen	245,281	276,342	12.7
Groton	9,174	12,418	35.4
Day	38,731	44,666	15.3
Bristol	3,992	4,490	12.5
Waubay	1,792	2,497	39.4
Webster	28,112	31,764	13.0
Edmunds	28,550	29,761	14.2
Bowdle	5,407	6,352	17.5
Hosmer	1,491	1,674	12.3
Ipswich	10,701	12,488	16.7
Roscoe	4,852	5,128	5.7
Faulk	12,560	13,897	10.6
Faulkton	7,156	7,624	6.5
Hand	23,620	27,503	16.4
Miller	20,460	24,074	17.7
Marshall	24,706	28,563	15.6
Britton	19,604	23,340	19.1
McPherson	14,635	17,383	18.8
Eureka	11,714	13,783	17.7
Leola	2,265	2,972	31.2
Roberts	36,939	43,287	17.2
Sisseton	17,995	20,011	11.2
Wilmot	5,513	6,471	17.4
Spink	30,825	35,258	14.4
Doland	1,888	2,438	29.2
Redfield	23,478	25,511	8.7
TOTAL	588,806	676,430	14.9
REGION V			
Buffalo	633	964	52.4
Campbell	11,009	13,336	21.1
Herreid	4,526	5,372	18.7
Corson	7,982	9,896	24.0
McIntosh	1,716	1,919	11.8
McLaughlin	4,374	4,876	11.5
Dewey	14,650	17,177	17.2
Eagle Butte	5,934	7,472	25.9
Isabel	2,408	3,171	31.7
Timber Lake	5,147	5,148	.0
Haakon	18,282	22,693	24.1
Philip	16,179	20,213	24.9
Hughes	87,798	100,014	13.9
Pierre	83,087	94,715	14.0
Blunt	3,592	4,010	11.6
Hyde	11,220	13,875	23.7
Highmore	10,992	13,574	23.5
Jones	13,467	13,929	3.4
Murdo	11,518	12,322	7.0
Lyman	13,481	13,874	2.9
Presho	4,937	4,988	1.0
Mellette	2,575	3,275	27.2
White River	1,751	1,915	9.3
Perkins	22,969	25,968	13.1
Lemmon	19,333	21,609	11.8
Potter	26,250	31,340	19.4
Gettysburg	17,564	21,391	21.8
Hoven	7,692	8,796	14.4
Stanley	11,707	12,137	3.7
Ft. Pierre	11,424	12,056	5.5
Sully	12,118	14,322	18.2
Onida	11,319	13,220	16.8
Tripp	49,171	58,294	18.6
Winner	47,713	56,698	18.8
Todd	9,768	10,580	8.3
Mission	7,955	9,557	20.1
Walworth	48,274	54,977	13.9
Selby	10,288	12,610	22.6
Mobridge	33,152	36,644	10.5
Ziebach	2,390	3,759	57.3
Dupree	2,250	3,536	57.1
TOTAL	363,747	420,411	15.6
REGION VI			
Bennett	12,735	14,360	12.8
Martin	12,407	13,960	12.5
Butte	42,991	48,050	11.8
Belle Fourche	34,837	38,683	11.0
Newell	3,994	4,426	10.8
Custer	21,828	23,965	9.8
Custer	19,883	21,693	9.1
Fall River	29,341	31,309	6.7
Edgemont	8,032	8,160	1.6
Hot Springs	19,020	20,472	7.6
Harding	2,911	3,048	4.7
Buffalo	2,427	2,573	6.0
Jackson	10,478	11,946	14.0
Kadoka	8,721	10,522	20.7
Lawrence	96,559	153,338	58.8
Deadwood	27,146	28,103	3.5
Lead	13,840	66,456	380.2
Spearfish	37,373	37,071	- 0.8
Whitewood	12,157	14,020	15.3
Meade	48,974	56,699	15.8
Faith	4,986	5,625	12.8
Sturgis	38,032	43,322	13.9
Pennington	598,501	651,468	8.9
Rapid City	547,697	601,446	9.8
Wall	14,605	14,591	- 0.1
Shannon	4,838	5,130	6.0
Pine Ridge	2,098	2,091	- 0.3
Washabaugh	501	512	2.2
TOTAL	869,655	999,823	15.0
STATE TOTAL	4,103,753	4,727,428	15.2

LOCAL BUSINESS CONDITIONS

	Jan.-Dec. 1978	Jan.-Dec. 1979	% Change Jan.-Dec. 1978/1979
Aberdeen			
Advertising Lineage Index	202.7	196.2	- 3.2
Building Permits	6,472,244	NA	
Value of Postal Receipts	2,198,593	2,411,197	9.7
Value of Postal Money Orders	357,591	334,023	- 6.6
Telephones in Service (Dec.)	27,322	28,566	4.6
Brookings			
Building Permits	2,332,160	NA	
Value of Postal Receipts	934,166	1,269,610	35.9
Value of Postal Money Orders	195,565	184,502	- 5.7
Huron			
Building Permits	2,820,900	NA	
Value of Postal Receipts	942,260	1,032,797	9.6
Value of Postal Money Orders	177,031	202,628	14.5
Telephones in Service (Dec.)	13,927	14,327	2.9
Mitchell			
Building Permits	2,589,634	NA	
Value of Postal Receipts	1,040,317	919,972	- 11.6
Value of Postal Money Orders	185,999	199,370	7.2
Telephones in Service (Dec.)	13,978	14,498	3.7
Pierre			
Building Permits	4,256,550	NA	
Value of Postal Receipts	1,782,321	1,738,353	- 2.5
Value of Postal Money Orders	192,476	187,237	- 2.7
Telephones in Service (Dec.)	15,011	15,284	1.8
Rapid City			
Advertising Lineage Index	187.2	193.2	3.2
Building Permits	16,059,989	NA	
Value of Postal Receipts	3,220,235	3,526,668	9.5
Value of Postal Money Orders	1,088,271	1,046,656	- 3.8
Telephones in Service (Dec.)	61,482	63,757	3.7
Sioux Falls			
Advertising Lineage Index	231.7	230.4	- 0.6
Building Permits	25,537,212	NA	
Value of Postal Receipts	7,352,377	8,149,524	10.8
Value of Postal Money Orders	1,031,337	1,114,287	8.0
Telephones in Service (Dec.)	83,403	85,616	2.7
Watertown			
Building Permits	6,210,967	NA	
Value of Postal Receipts	969,570	1,071,978	10.6
Value of Postal Money Orders	198,290	235,014	18.5
Telephones in Service (Dec.)	15,450	16,423	6.3
Yankton			
Building Permits	5,697,329	NA	
Value of Postal Receipts	1,254,298	1,476,009	17.7
Value of Postal Money Orders	245,017	261,279	6.6
Telephones in Service (Dec.)	13,102	13,650	4.2

Telephones In Service
Selected Cities--South Dakota
December 1978 and 1979

City	Dec. 1978	Dec. 1979	% Change 1979/1978
Aberdeen	27,322	28,566	4.6
Belle Fourche	4,607	4,837	5.0
Canton	3,258	3,320	1.9
Chamberlain	2,708	2,803	3.5
Deadwood	3,247	3,283	1.1
DeSmet	1,648	1,703	3.3
Elk Point	1,758	1,807	2.8
Hot Springs	3,851	4,031	4.7
Huron	13,927	14,327	2.9
Lead	3,532	3,595	1.8
Madison	6,466	6,711	3.8
Milbank	4,771	4,900	2.7
Mitchell	13,978	14,498	3.7
Mobridge	4,165	4,248	2.0
Philip	NA	NA	NA
Pierre	15,011	15,284	1.8
Rapid City	61,482	63,757	3.7
Redfield	4,198	4,295	2.3
Sioux Falls	83,404	85,616	2.7
Sturgis	6,173	6,409	3.8
Tyndall	1,293	1,329	2.8
Vermillion	9,234	8,711	-5.7
Watertown	15,450	16,423	6.3
Webster	2,723	2,797	2.7
Wessington Springs	1,699	1,766	4.3
Winner	4,538	4,625	1.9
Yankton	13,102	13,650	4.2

Source: Northwestern Bell, Sioux Falls, SD.

Taxable Retail Sales
In Selected Cities
of South Dakota (000's of Dollars)

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aberdeen	47,292	44,333	6.7	129,742	121,349	6.9
Belle Fourche	6,585	6,254	5.3	18,068	16,735	8.0
Brookings	18,383	16,541	11.1	51,615	45,787	12.7
Chamberlain	4,216	4,324	-2.5	11,373	11,007	3.3
Dell Rapids	2,263	2,325	-2.7	6,509	6,177	5.4
Huron	21,814	20,520	6.3	60,131	54,083	11.2
Lead	4,749	4,292	10.6	13,493	12,306	9.6
Madison	8,424	7,789	8.2	23,413	22,109	5.9
Milbank	6,682	6,004	11.3	19,104	16,453	16.1
Mitchell	28,007	27,991	.1	77,672	71,909	8.0
Mobridge	5,643	5,215	8.2	15,621	14,081	10.9
Pierre	17,444	16,991	2.7	50,202	47,206	6.3
Rapid City	105,939	101,959	3.9	272,680	253,902	7.4
Sioux Falls	155,496	149,566	4.0	431,507	404,207	6.8
Vermillion	8,185	7,832	4.5	22,738	21,630	5.1
Watertown	29,778	28,200	5.6	82,290	74,424	10.6
Winner	6,929	7,433	-6.8	20,413	20,057	1.8
Yankton	21,080	19,508	8.1	59,802	51,946	15.1
Total	498,909	477,077	4.6	1,366,373	1,265,368	8.0

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
January-December 1979
United States

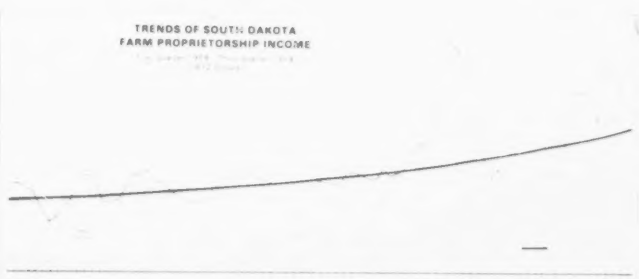
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	% Change Jan.-Dec. 1979
All Items	204.7	207.1	209.1	211.5	214.1	216.6	218.9	221.1	223.4	225.4	227.5	229.9	12.3
Food & beverages	218.3	222.4	224.4	226.3	228.2	229.3	230.7	230.2	231.0	232.1	233.1	235.5	7.9
Food	223.9	228.2	230.4	232.3	234.3	235.4	236.6	236.3	237.1	238.2	239.1	241.7	7.9
Alcoholic beverages	166.0	167.7	169.2	170.2	171.5	172.1	172.7	173.3	174.2	176.0	177.4	178.0	7.2
Housing[1]	213.1	215.6	217.6	219.8	222.4	225.5	228.4	231.5	234.6	237.7	240.8	243.6	14.3
Shelter	222.8	225.9	228.0	230.7	233.5	236.7	240.1	243.9	247.4	251.5	255.9	259.4	16.4
Rent, residential	170.3	171.0	171.3	172.0	173.8	174.7	175.9	177.5	179.0	181.4	182.1	182.9	7.4
Homeownership	241.6	245.6	248.2	251.7	254.9	258.8	263.0	267.6	271.2	276.7	282.4	286.9	18.8
Fuel & other utilities[1]	221.5	223.3	225.9	227.5	232.2	239.0	243.5	247.2	251.2	252.9	252.0	255.1	15.2
Fuels[1]	256.3	259.3	264.0	266.8	274.6	286.2	293.8	299.7	306.6	310.3	307.0	311.8	21.7
Fuel, oil, coal & bottled gas	316.4	326.1	339.5	349.8	364.3	391.2	412.9	438.6	461.6	470.8	477.4	488.0	54.2
Gas (piped) & electricity[1]	239.5	241.2	244.0	245.3	251.6	259.9	264.5	266.5	270.1	272.5	267.3	270.8	13.1
Other Util. & Pub. Services	159.0	159.0	158.8	158.8	159.0	159.2	159.4	159.8	159.8	158.8	161.0	161.9	1.8
Household furnishing & operation[1]	184.8	186.0	187.4	188.6	189.2	190.1	190.4	191.2	192.2	193.3	195.1	195.8	6.0
Apparel & upkeep	160.7	161.4	164.3	165.4	166.1	165.7	164.3	166.3	169.8	171.0	171.7	172.2	7.2
Transportation	193.9	195.6	198.1	202.9	207.7	212.6	216.6	219.6	221.4	222.7	224.9	227.7	17.4
Private transportation	193.8	195.5	198.1	203.2	208.1	213.3	217.4	220.4	222.0	223.1	225.0	227.5	17.4
Public transportation	190.0	190.7	191.5	192.6	193.3	194.0	197.1	200.8	205.2	209.1	216.5	223.0	17.4
Medical care	230.7	232.6	233.9	235.1	236.3	237.7	239.9	241.8	243.7	245.9	248.0	250.7	8.7
Entertainment[1]	182.3	183.2	184.8	186.5	187.8	188.2	189.1	190.2	191.1	192.0	192.8	193.4	6.1
Other goods & services[1]	190.5	191.9	192.8	193.2	193.9	194.5	195.2	197.0	201.7	202.3	202.9	204.0	7.1

[1]Index series has under gone a change in title and/or definition.
NOTE: Index applies to a month as a whole, not to any specific dates.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics

problem of agriculture in that even though gross farm income has been rising, production expenses have been rising as fast or faster.

The number of farms in South Dakota in 1978 were about 43,000 compared with 48,500 in 1968 and 58,400 in 1960. With an upward trend of farm income and a declining number of farms net income per farm is growing faster than total farm income.

Real net farm income per farm has increased at a trend rate of 2.5 percent per year since 1960. This is approximately the same rate of growth as real per capita personal income over this same period. The data presented herein seems to indicate that experiences such as 1973 and 1976 are not sustainable long-term trends and that the real income per farm trends in the agricultural sector are not unlike those of the non farm economy.



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SCHOOL OF BUSINESS
THE UNIVERSITY OF SOUTH DAKOTA
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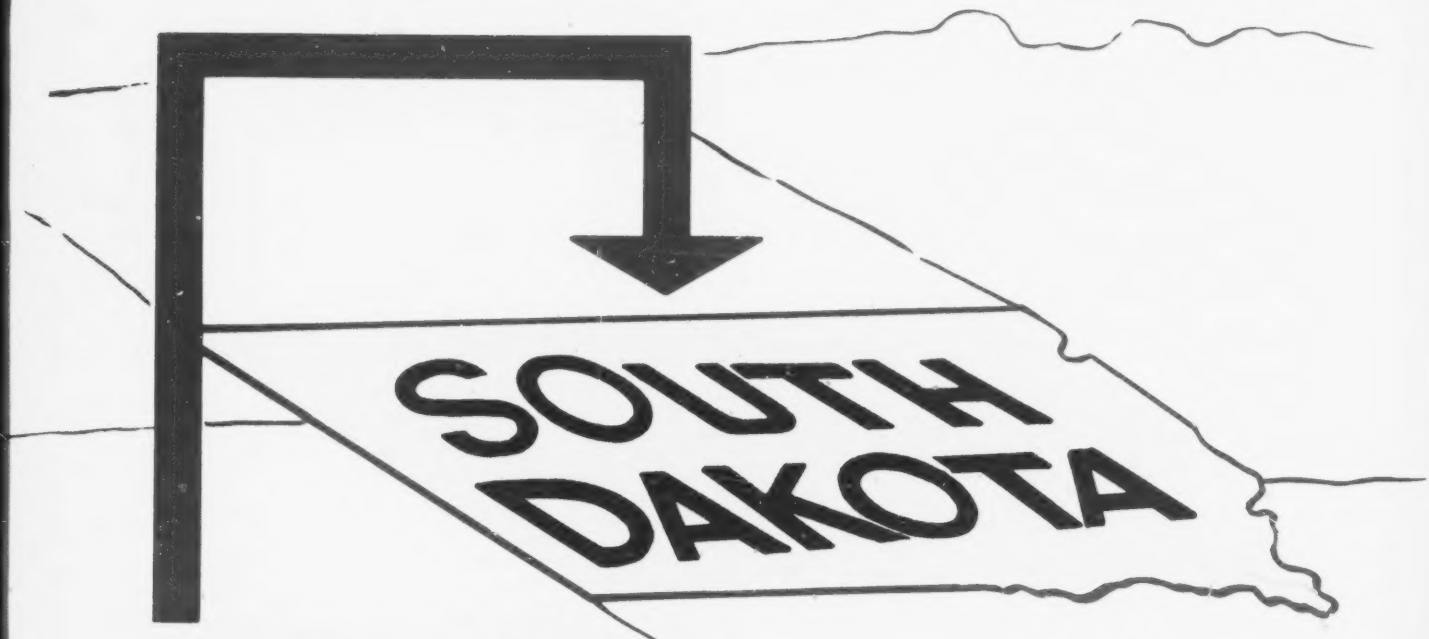

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STRESS: A MANAGERIAL OPPORTUNITY

Francis Ulschak

Introduction

Across the table from me sat a middle-aged personnel manager. He looked distressed and over-whelmed. And, as I listened to what he was saying, it became clear to me why he was looking that way. Just last week, corporate headquarters had invited him to their office. Times are tough and cuts had to be made somewhere — only this time the cut was the personnel manager. He had taken the news with calm. Yet, as he walked away from the office, thoughts whirled around in his head — "what do I do with my newly purchased home? What about the payments on the car? We are expecting a family in July, what now? In this time of tight jobs, how do I find a new one? And, will anyone want to hire me?" Even though the cut was made to fit the economy and not because of his performance, there was still a nagging part of himself which said — "You are no good. You blew it. It's your fault you lost that job." Now, some time later, he is having problems sleeping. Oh, he is tired when he goes to bed but sleep is no longer a friend. Yes, he knew something about stress and distress. The content of this article is all too familiar to him.

There is a good deal of emphasis on stress today in organizational behavior literature. Books are written about individual stress, family stress, work stress, corporate stress, etc. A simple review of most any professional journal will uncover a couple of articles about the topic. Selye (Goldberg, 1978, p. vii) reports that since the Institute of Stress began in 1977, their library has developed a collection of more than 120,000 publications on stress and stress related topics. What is the fuss? Is stress something which is new to our age and time? Why all the current attention with it?

There are a wide variety of explanations for the current attention. Some authors refer to the "nature of the times." They point to FUTURE SHOCK (Toffler, 1970) and the tyranny of options and change in people's lives. The pace of change has accelerated to a point where people feel they are no longer in control of their lives. Crises and the awareness of them, seem to multiply — the Iranian crisis, the economy, the inflation rate, etc. Not only are the crises happening at the international level but also within the very basic unit of our society, the family. Even in this basic unit there is change. The family is taking on new forms and varieties, i.e., the rise of the single parent family, not seen in the past. Roles of men, women, parents, and children have changed and are still changing. Why the interest in stress now? Because, the times are such that stress has become a new and potent issue.

Another explanation for the new emphasis on stress is also related to our society but in a different way. As a society, we have moved beyond the simple state of providing workers with basic needs of food, shelter, and security. Now, it is not simply jobs which are desired but jobs and working conditions in which people may better themselves. Maslow's (1943) need hierarchy comes into play. Since basic needs have been satisfied, new needs have arisen to take their place. No longer is a job sufficient but now there is a desire for a job which provides satisfaction.

And others may see current emphasis on stress as another fad which has penetrated the management workshop circle. It is simply another fad which will pass when people become tired of new books, workshops, seminars, etc. on the topic.

Still another reason for the current interest in the topic of stress is related to the findings of the relationship between stress and health. Goldberg (1978, p. 19) provides a current score of the impact of stress on health: The following is a partial listing.

Coronary disease has increased 500% in the last 50 years.

An estimated 30 million Americans have some form of major heart or blood vessel disease.

Approximately one of every five men will have a coronary attack before the age of 60.

While casual linkages between stress and various illnesses have not been clearly identified, most persons will admit to correlations. If a person is experiencing high stress, there is a high probability that it will impact their physical health. And, high stress situations may also be related to higher accident rates.

This view, then, sees the current interest in stress as a

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result of literature linking high stress to greater physical health problems and higher accident rates. McLean (1979, p. 7) discusses this further to include job compensation.

Probably all of the above are responsible for the current interest and intrigue with stress. The world situation is one that readily builds on a sense of loss of control. There is a certain element of "faddishness" that goes along with a workshop emphasis. Also, there is a fair amount written describing the current worker as one who wants more than "just a job," i.e. who is looking for satisfaction and self development. And lastly, we are just beginning to realize the relationship between stress and health in the work place.

Whatever the reasons, the interest in stress is current. The rest of this paper will focus on: (1) a definition of stress, (2) the demands that are placed on the worker, (3) the interpretation of those demands, and (4) the response to those demands.

The goal of this paper is to provide the reader with an understanding of stress and some practical ideas on how to deal with stressful situations. The references at the end of the paper will provide the reader with other resources for follow up.

STRESS: The Nature of the Beast

Schafer (1978, p. 35) defines stress as the response of the mind/body to any demand which is placed on it. The important thing to remember is that **any stimulus** will cause some stress response to it. In the section on **DEMANDS** the variety of stressors, i.e., those events which place a demand on the mind or body will be discussed.

The definition just given is quite different than many common myths about stress. Selye (1974) lists several incorrect notions about stress. These include:

1. Stress is not nervous tension.
2. Stress is not the discharge of hormones from the adrenal glands.
3. Stress is not simply the influence of some negative occurrence.
4. Stress is not entirely a bad event.
5. Stress does not cause the body's alarm reaction. What causes the stress reaction is the stressor.

The key is to view the stress response as a response to the stressor. The stress response is composed of three parts (Selye, 1974):

1. The alarm reaction. At the point where a stressor is perceived, a bio-chemical response takes place in the body bringing the body to a state of readiness for "fight or flight."

2. Resistance — This is a time of adjusting to the stressor. The stressor is resisted and adapted to.

3. Exhaustion — The stressor is beginning to wear and tear on the body. The resistance and adaptation has been ineffective and now the body responds almost as it did during the alarm stage.

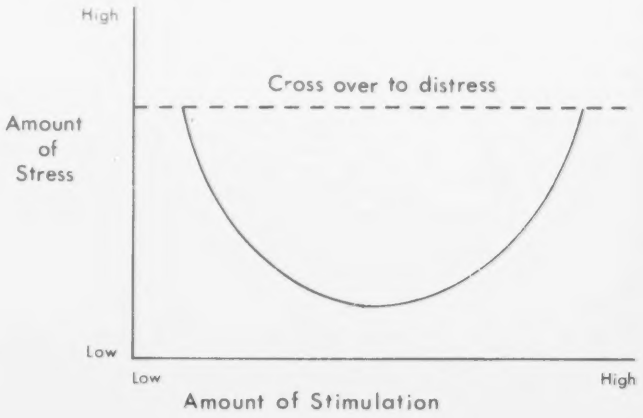
Much of the discussion of stress in the literature relates to the negative aspects of the third stage. It is important to recognize that the first two stages are significant and important in the constructive use of stress.

Stress may be viewed from two perspectives: first, as a friend telling us something about ourselves and preparing us for a peak performance and second as an enemy.

First, the friend. Stress is important in a variety of ways. In the "alarm state" the body begins to excel in performance. So, the speaker awaits nervously the introduction and then, suddenly becomes more articulate and responsive than before. Every sense seems keener than normal. Insights are quick and deep. Or, the runner, waiting the sound of the gun, pacing back and forth. Suddenly she is off and running, performing at a peak not experienced in other times. The stress response then, can improve physical performance, increase clarity of thought, and enhance perception and concentration. Stressors in the right amount invite exciting performances on the job.

However, the other side is exhaustion, i.e. "distress," high stress which has negative effects on the mind or body. Here the result is drop off of performance, fuzzy thinking and perceptions, and apathy. The runner is "overstressed" such that she begins to cut back on her best performance. Her body is "out of sync." The worker under stress stops thinking clearly and her thoughts become muddled. Even the simplest activities become complex. The student experiencing this at the time of an examination may forget the thoughts he knew just a few moments before. And, over a period of time, the effects of exhaustion may be seen as a selfcannibalization—the body eating away at itself. Prolonged and exhaustive stress is recognized at a minimum as being a contributing factor to a varity of physical illnesses—heart disease, high blood pressure, ulcers, etc.—as well as headaches, anxiety, hostility and sleeplessness. That which is friend and a necessary part of life may also become an enemy.

One of the unique features about stress is that distress, i.e. an overload of stressors which begin to have a negative impact on the mind or body, may occur in either a condition of low stress or high stress. The following graph illustrates this. (Schafer, 1978, p. 45)



Boredom, a condition of low stress may be experienced by the person as being a time of high stress or even "distress." In fact, he may exhibit the same symptoms of the person who is experiencing high stress—apathy, sense of being out of control, sleeplessness, anxiety, etc. The ramifications of this for employers is significant—the person who is underutilized will experience stress in the same way as they would if they were over stimulated. If when they are over worked a person becomes irritable, anxious, and does not sleep, when they are underworked they will probably experience the same symptoms.

Finally, some assumptions about stress/distress. First, stress and distress are facts of life. They are given as long as we have life in us. Second, we are caught up in many external and internal events that we seemingly have little control over. Third, while we do not have control over many of the forces impinging on us, we do have control over our attitudes toward and responses to those events. This is more than simply a philosophical statement. Regardless of the

Continued on page 6

All of the six indicators of business activity maintained by the Business Research Bureau ended the first quarter of 1980 on the plus side. Accounting for the largest increase for this period was **new truck sales** which were up by 35.0 percent compared to the first quarter of 1979. As indicated in the table below, sales of new trucks remained healthy for January and February, but dropped off sharply in March 1980 compared to March 1979.

New car sales increased 27.3 percent for the first quarter 1980 compared to 1979. Sales dropped off in January 1980 but increased in February by 79.8 percent compared to February 1979.

Sales of life insurance in South Dakota were up by 17.6 percent for the first quarter of 1980 compared to last year, with the largest increase occurring in February.

Reflecting the mail order business in South Dakota are **gross postal receipts** which registered a gain of 7.3 percent for the first quarter of 1980 compared to the first quarter of 1979, with the greatest increase again occurring in February.

Taxable sales at 4 percent, which is a good indicator of retail activity in South Dakota, is not yet available for the first quarter of 1980. Comparing the fourth quarter of 1979 to 1978 we note that there was an increase of 6.4 percent. For the year 1979 compared to 1978, taxable sales increased by 7.8 percent.

Construction employment had a slight gain of 0.3 percent for the first quarter of 1980 compared to this period a year ago. As stated in the monthly "South Dakota Labor Bulletin" published by the South Dakota Department of Labor unemployment in South Dakota increased slightly in March following a substantial drop in February. The seasonally adjusted rate was 3.4 percent compared with 3.3 percent in February and 3.5 percent in March 1979. The national rates for the same months were 6.2%, 6.0%, and 5.7%.

Though not reflected in the quarterly data recent weaknesses observed on the national scene are reflected in the March data. Both **new trucks** and **construction employment** were negative in March while **insurance sales** and **postal receipts** show decreased rates of growth. Data in the upcoming months will likely reflect this weakness as the generally recognized recession gains momentum.

The Bureau of Economic Analysis, U. S. Department of Commerce, recently released 1979 state per capita personal income estimates which range from $11,252 in Alaska to $6,167 in Mississippi.

Per capita personal income in 1979 increased 11.0 percent nationally compared to 1978. Prices, as measured by the implicit price deflator for personal consumption expenditures, increased 8.9 percent. In 46 states, the increase in per capita income exceeded or nearly equaled the national increase in prices, but fell short of the national increase in the four states of Alaska, North Dakota, Idaho, and Montana.

The following table gives the per capita personal income for the states in the Plains Region and the United States for the years 1976-1979.

PER CAPITA PERSONAL INCOME
United States, Plains Region and States
1976-1979

	1976	1977	1978	1979	% Change 1978/1979
Plains	6,075	6,758	7,607	8,460	11.2
Iowa	6,171	6,861	7,856	8,589	9.3
Kansas	6,444	7,003	7,846	9,055	15.4
Minnesota	6,214	7,086	7,904	8,760	10.8
Missouri	5,935	6,579	7,287	8,132	11.6
Nebraska	6,057	6,677	7,544	8,341	10.6
North Dakota	5,756	5,895	7,432	7,774	4.6
South Dakota	4,956	5,859	6,585	7,334	11.4
United States	6,401	7,038	7,840	8,706	11.0

Source: U.S. Department of Commerce, Bureau of Economic Analysis

MONTHLY BUSINESS INDICATOR INDICES
January-March, 1979 and 1980
(1967 Equals 100)

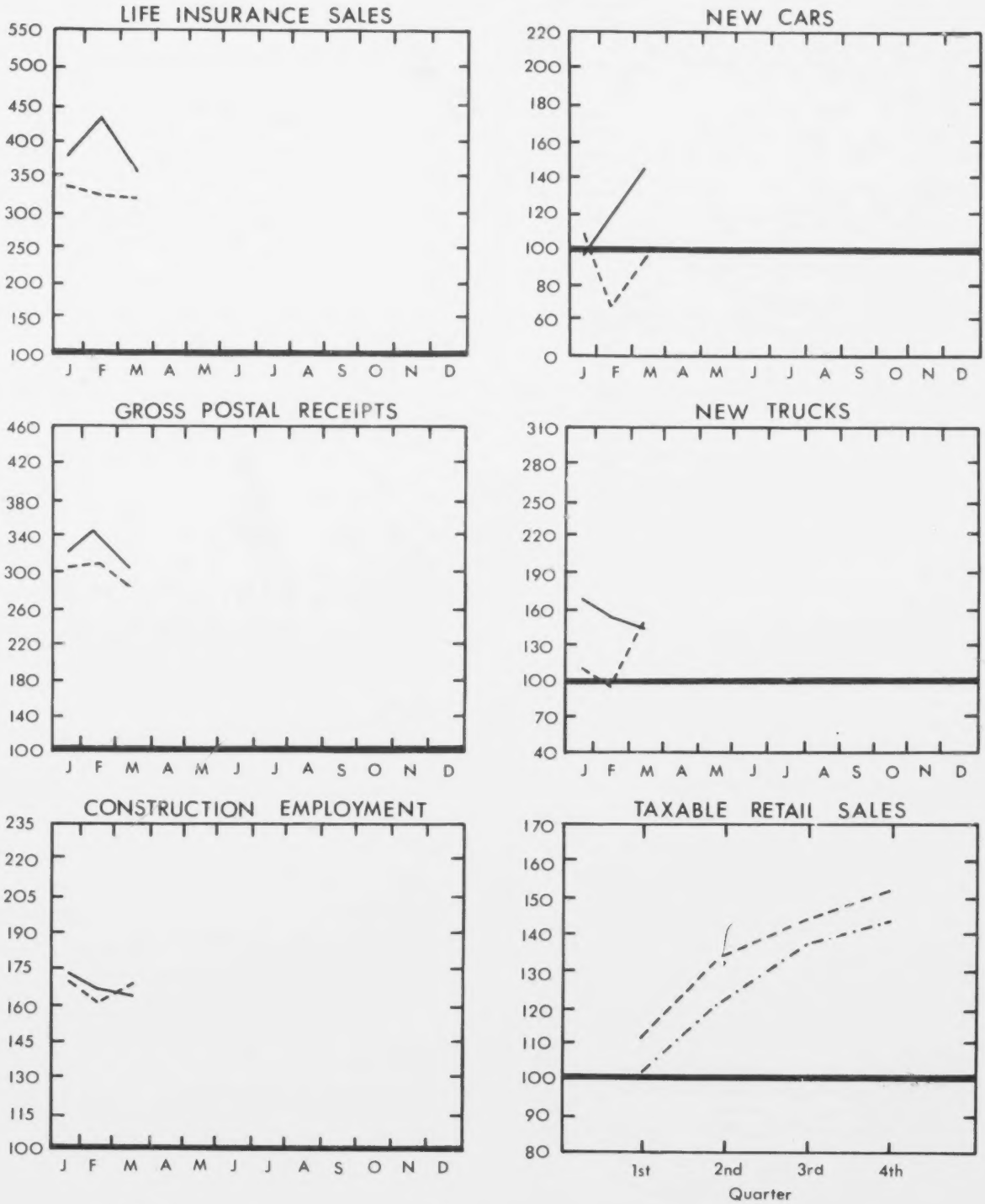
	Insurance Sales			Postal Receipts			Taxable Retail Sales			New Cars			New Trucks			Const. Employ.		
	1979	1980	%** Chge.	1979	1980	%** Chge.	1978	1979	%** Chge.	1979	1980	%** Chge.	1979	1980	%** Chge.	1979	1980	%** Chge.
January	339.3	387.8	+14.3	306.2	322.9	+ 5.5				107.2	99.9	- 6.8	109.1	168.8	+54.7	172.3	174.1	+ 1.0
February	333.0	438.4	+31.7	308.0	343.7	+11.6				67.9	122.0	+79.8	99.8	155.0	+55.3	163.1	168.4	+ 3.2
March	327.2	355.2	+ 8.6	288.8	304.6	+ 5.5				98.3	146.8	+49.3	145.3	142.2	- 2.1	170.4	165.3*	- 3.0
1st Qtr.			+17.6			+ 7.3			+ 6.4			+27.3			+35.0			+ 0.3

*Preliminary
**Percentage changes based on original data
Note: Percentage change for fourth quarter 1979/1978 = +6.4.

SOUTH DAKOTA BUSINESS INDICES
1979 - 1980

ADJUSTED FOR SEASONAL VARIATION

BASE 1967 = 100*



* Taxable Retail Sales Base 1976 = 100

Continued from page 3

type of stressor's we face, we ultimately are in control of our response to it.

THE DEMAND

Schafer (1978, p. 27) defines a "stressor" as anything which places a demand on the mind or body. This is quite an expansive definition. He continues to break down the concept into a variety of aspects. This section will discuss these.

1. **Stressors may be internal or external.** The externals are easy to think of. They are the demands placed on us from people and conditions around us. Simply listening to the evening news may be a way of identifying national and international stressors—the economy, the consumer price index, the threat of war, fires, deaths, etc. The threat of layoffs or actual layoffs at work may be critical stressors. Preparing meals, washing dishes, responding to the demands of a spouse or family,—all of these may be seen as externals placing a demand. The Holmes/Rahe (Tanner, 1976, p. 91) scale is one instrument which looks at the relation of many external events and health.

However, stressors may also be internal. These may be either physical or psychological. Indigestion is an example of an internal physical demand. The result of an upset stomach may be poor performance on the job. Psychologically a person may put an unreasonable demand on himself — e.g. "I have to do everything perfectly." The end result is the person may never be content or satisfied. The internal and external influences are so close together we really cannot discriminate them. The externals will get translated into internals and the internals will get translated into externals. The boss gives John a reprimand and his stomach gets tight. Perhaps he will tense up and eventually work his way into a headache. Then, after he had achieved a headache, the next step may be to take time off from work to go home and relax. However, while John is gone, the work piles up on his desk. The end result — an overload of work the next day at work. A vicious circle has been established.

2. **Stressors may be either pleasant or unpleasant.** Frequently, only unpleasant events are seen as stressors. We know the pressures that the loss of a job, death of a friend, divorce, etc., may have on an individual. The unpleasant stressors, are readily identified. However, the concept of pleasant events as "stressors" may seem foreign. Events that are expected and awaited such as the birth of a new baby, a promotion, a visit from friends, a vacation, graduation from school, etc. also place a demand upon us and thus, are stressors. Selye (1974) discusses stressors in light of the body response and his conclusion is the body's physical reactions are the same to any stressor regardless of whether the stressor is interpreted as positive or negative. Simply recall a pleasant event, e.g., a wedding, the birth of a child, etc., and think about the demands on those involved.

3. **Too few demands or too many demands may be stressors.** Most of us have the experience at times of being overwhelmed. Spouses, children, relatives, managers, clubs, etc., all seem to be after us and wanting time and energy from us. Our work schedule may be overloaded. We feel overwhelmed and harried. The pace of life we are leading is one where we have very little "breathing room." We catch ourself coming and going. And, in this context, too many demands are readily seen as leading to a stress response.

However, as was briefly discussed earlier too few demands will also be a stressful time. The person who is feeling underutilized at work will experience it as a stressful time. (Unless they develop some wonderful daydreams and/or work at different projects while at work. For example, a friend of mine brought books to work to read during slack times.) Too few demands or too many demands will also place a significant demand on the person.

4. **Stressors may be high energy events or low energy events.** A high energy event means that the person has an intense involvement with it. It is an intense experience—the death of a friend, a divorce, etc. The event has significant meaning to the person involved. Even when the event is one which is positive, i.e. the returning war hero, the event will be one of intense energy and place demands on those involved.

An example of a low energy event is a minor disappointment. There is not a lot of energy going into the event but if it is perceived as a stressor, the stress response will happen. It might be a minor disagreement, i.e. the checkbook not balancing, etc. The person(s) involved determine the level of itensity for them. What is perceived by one person as a low energy event may be perceived by another as a high energy event.

5. **Stressors may be acute or chronic.** An acute stressor is one which will be around for only a short time. There is a time limit with it. For example, the final test at the end of a semester may be seen as acute stress — the time is limited to short duration. Or, in a different framework, being in a dentist chair may be experienced as acute — "Just one more time and that will be all the drilling."

Chronic stress stretches over a long period of time. Perhaps being a graduate student may be an example of this. The stressor may be over a period of several years. Or, working for a insensitive supervisor for a long period of time may be seen as chronic. The person carries the stressor for an extended period of time.

Again, the person experiencing the stressor determines whether the stress is acute or chronic. Acute may generally be seen as within a context of a few days or weeks while chronic may be seen in context of months or years.

6. **Stressors may be new or familiar.** Stressors may result from having too much "newness" and change in life or from not having enough. For some person, the rate of transitions and moves cause a good deal of demands to be placed on them, i.e. the new promotion, a move to a new job, a physical move, etc. For others, there is simply too much familiarity, i.e. too much sameness around them. Everyday they do the same thing — their routine is down and everyone recognizes it.

The above then, are several aspects of the demands that get placed on us by the outside world and ourselves. Selye (1974) points out that probably the important key in identifying the significant stressors for ourselves is the degree of adjustment that they demand. If the adjustment required is minimal, the stressor will be a minimal one. Probably the biggest stressor of all is an internal one—a dissatisfaction with LIFE.

Stressors come in "many shapes and colors." However, they only illicit the stress response at the point where the stressor is perceived. That leads to a discussion of the "internal connection," i.e., the interpretations of external events.

THE INNER CONNECTION

We who lived in concentration camps can remember the men who walked through the huts comforting others, giving away their last piece of bread. They might have been few in number but they offer sufficient proof that everything can be taken from a man but one thing: the last of the human freedoms–to choose one's attitude in any given set of circumstances, to choose one's own way. (Frankl, 1963, p. 104)

Two individuals experience the same stressor. One responds with a question—"How do I solve this one?" The other becomes depressed and says to himself—"I can't do anything right." Both have the same stressor and yet the responses are quite different. One responds in a problem solving manner and the other responds with self putdowns.

What this illustrates is the key to the understanding and study of stress. Even in the most dire of circumstances, i.e., the concentration camp experience referred to in the opening quote, where persons are under severe mental and physical

distress, the final decision on how to respond is still up to the individual. While the stress response will happen as they experience a stressor, the adaptation and/or resistance may successfully resolve or mediate the stressor. The stressor will no longer be perceived as a stressor. How a person is internally interpreting the stressor is vital to understanding why a stressor affects persons differently.

One model useful in understanding that internal perception is that of basic life positions.[1] The essence of the model is that the way an individual experiences himself and the world may be put into four categories:

1. I'm OK — You're OK. Here the world is seen as an OK place and the individual as OK. The individual will "problem solve" stressors.
2. I'm not OK—You're OK. In this category the individual will discount or devalue self. For some reason, they believe they are not OK.
3. I'm OK—You're not OK. Here the individual may feel very selfrighteous. They are OK but the rest of the world is not.
4. I'm not OK—You're not OK. This is a depressing situation where the individual pulls the worst of categories 2 and 3 together.

A major assumption of this paper is that the life position of a person is crucial to how she will interpret events happening to her.

Life positions may be understood as "decisions" that a person has made about himself and the world. The roots of the "decision" go back to early childhood experiences. In the early formative years, the child is learning whether the world is a place to be trusted or not. A child growing up in an environment where he is constantly told he is "wrong" may begin to have a sense that he is "not-OK". And, if that is continually reinforced, the child may begin to expect and even set up situations where his "not-OKness" is reinforced. Assuming the child does not break out of that position, he will carry it over to later life and to his work situation. And, when something goes wrong, his first response may be—"I can't do anything right. Never have and never will."

Translating this into perceiving stressors, if a person is functioning out of one of the not-OK positions, she may have an investment in keeping a "cloud of distress" over her. Simple little events in her life become turned and twisted into major affirmations that she is no good, the world is out to get her, she has got to watch others constantly, etc. Her internal world has an investment in perceiving stressors and most anything that happens is perceived as such.

However, the person functioning from the OK position will see the stressor from a problem solving mode—"What do I need to do to get through this particular time? What can I learn from this experience about me and the world? How can I plan better so that next time I will not have this type of overload?" etc. The response is one of problem solving. Yet, the stressor remains the same.

Another example is the personnel manager who is laid off. If he has an investment in the not-OK positions, he will see this as another affirmation that he is "no good." Or, "the world is out to get him" and he has to be on guard. He may feel sorry for himself and mope around. His energy will go into how terrible things are. In other words, he has an investment in "staying in the mire" and not problem solving. Coming from an OK position, the manager will probably have some initial doubts about self and self worth and will experience the trama of the layoff. However, he will also be putting his energies into how problem solving, i.e., how to take care of himself and his family during this time of crisis. By the time he gets back to his office, part of him is beginning to check out—"Is my resume current? What agencies do I need to list with? Who are some people I might lean on for support? Who can I get some sound advice from? What do I need to do to take care of the feelings I have going on inside of me?" etc.

Life positions will also impact a person's lifestyle. The lifestyle of an individual will be selected to fit with the basic position they have in life. Marx and Barnes (1978, p. 339) have developed a Health Script Questionnaire which gets at the relationship between basic positions and the subsequent lifestyle and health. Their stance is that "life scripts" are crucial to coping skills.

The inner world is the interpreter. And, it is the critical area for understanding and dealing with stress. How the events happening around a person are interpreted by that person is more important than the events themselves. Even in the midst of suffering which is profound stress, if the person sees meaning for her in that suffering, the stress becomes decreased.

THE COPING RESPONSE

> An abnormal reaction to an abnormal situation is normal behavior. (Frankl, 1963, p. 30).

Thus far, this paper has dealt with a definition and description of stress, stressors, and the inner world interpretation of these stressors. However, the question that most people are interested in is—How may I learn to cope better?

There exists a wide variety of potential coping responses to stressful situations. Most any article written on the topic of stress will have a number of "how to . . ." responses to stress. While it is useful and important to view the lists of various options, each individual needs to be seen as unique. In other words, there are no specific answers for coping responses which fit all people and all times. For one person, meditation may be an excellent way to relax and unwind. For another person, jogging might be the most effective coping response.

While there is no absolute coping response good for all persons in all places, there is a starting place. The beginning place involves awareness of the stressors in a person's life, his internal world, and his present coping skills. Coping skills may be clustered around these three areas. Each will be discussed and some specific suggestions will be presented.

1. An awareness of stressors.

One important starting place in coping more effectively is an awareness of your stressors. Some of the following are ways to increase your awareness.

a. Goldberg (1928, p. 23) suggests a STRESS Journal. The following is a description of such a journal:

To identify stress factors that you encounter regularly, keep a daily log, indicating each of your activities, its duration, and the degree of positive or negative stress it seems to carry. We recommend keeping the log for at least two weeks. Along with the information in this chapter, it will help you identify the stress response when it occurs. You will then be able to correct situations that cause too much stress.

Assign one of the following scores to each activity:
1. pleasant, enjoyable, and relaxing
2. pleasant but taxing (perhaps hurried)
3. necessary (neither pleasant nor unpleasant) but taxing
4. unpleasant, hurried, or tension producing
5. very unpleasant, pressured, and tension producing

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[1]The concepts of the four life positions are drawn from the literature of transactional analysis.

Here is an example of a morning's log:

Activity	From-To	Stress Score
Shower and breakfast	7:00- 7:45	2
Drive to Work	7:45- 8:30	3
Read mail	8:30- 9:00	2
Meeting with staff	9:00-10:30	4
Dictate letters	10:30-11:15	2

If you find many days with 1½ or more hours spent in category 4 and 5, you should consider how to alter your routine, whether it means scheduling fewer appointments, delegating more responsibility, taking the train instead of driving, having fewer business lunches, or whatever. Aim for low point scores.

b. Take time to relax and think about your typical week. Identify the times during the week which are most stressful for you. Then, identify the specific people and elements of the event involved. Ask yourself these questions: **How might I change the stressors?** For example, if you allow work to pile up on a certain day with the end result being "overwhelmed", how might you change that? Or, if there is a certain person you meet with who is a stressor for you, is there a way of limiting your contact with that person?

If I can't change a stressor, how might I withdraw from it? Withdrawal may be psychological or physiological. For example, a boring meeting may be a stressor. If you can't get out of the meeting, remember a good fantasy is better than a bad meeting any day!

If I can't change the stressor, how might I resign myself to the situation? Various methods might be used to adapt to the situation. One is simply to expect the stressor to be there and simply "don't let it get to you." When the stressor is past, work your frustrations off — take a walk, jog, talk with people who are important to you, etc.

Important in this option is identifying stressors, changing what can be changed, withdrawing when feasible, and/or, resigning yourself to the stressor.

c. Examine your pace of life. There are a variety of instruments and institutes, which will provide a person with an opportunity to examine her pace of life. Are you making too many and too rapid changes? Or, are the changes in your life too few and far between? Are you living a pace of life which feels appropriate for you?

Foreman and Schafer (1978, p. 58) suggests an exercise where you imagine your body could talk. What would it say to you about your pace of life? Too slow? Too fast? Just right? And, if it is inappropriate for you, what are some steps you might take to change it?

d. Plan for stressful times. This is part of the ideas suggested above but it needs special emphasis. "Surprise" stressful events are rare. Most stressors may be anticipated if we allow ourselves to look ahead. When stressful times are seen coming, special attention may be given to health and fitness. During times of heavy stressors, an individual may start by planning how he may take care of himself physically—i.e., what diet, sleep, exercise, etc., as well as psychologically. It is not uncommon that during significant stressors, we do not get the proper sleep, use too many stimulants (e.g., coffee), and, in general, neglect self care.

Planning does one other thing. Psychologically, we may gain a sense of control in our world. Things do not just happen to us but we can plan and anticipate.

2. An Awareness of Interpretor

Another important awareness in viewing coping responses is our internal world. The following are a few suggestions for developing an awareness in this area.

a. Think about a "stressful time" in your early childhood: What is the scene? Who is involved? What is going on around you? Take some time to jot down notes and observations on the scene. As you think of the persons involved, what are they thinking and feeling?

Now think of a recent (past week) stressful time. What is the scene? Who is involved? What is going on around you? What are the people in the scene feeling and thinking? Take a few moments to jot down your notes and observations on the scene.

Compare the two scenes. Are there any patterns which you pick out? Pay attention to the feelings involved. Are they similar? If you find patterns, are they useful or do they need changing? What might be one change to be made?

b. Identify five recent stressful events in your life. With each one, how did they begin? How did they end? And, what feeling did you leave with? As you examine these, is there a pattern you see? If so, is it useful? If it is not useful, how might you change it?

c. Talk over your responses to either (a) or (b) with a friend or counselor. If you feel that you do have an investment in setting up stressful events, it may be useful to have a discussion with someone about the pattern. He/she may be able to point out to you some important patterns in what you are doing, and assist you in developing options for breaking them.

Lastly, a counselor may be most useful in exploring the inner world and understanding how it is that a person is constantly finding himself in stressful situations. The Marx and Barnes instrument mentioned earlier is most useful at this level.

3. An awareness of coping responses.

A last important area is an awareness of coping skills. All of the above are clues already to coping skills. However, a few more specific ones will be developed.

a. Think about a recent stressful event. What was your response? Think through several such events. What is your major way of coping? Is it effective for you? If not, what are some optional responses.

b. As you think of stressful events, what is your major physical complaint, i.e., headache, tight jaw, indigestion, etc. What is your physical indicator that you are experiencing a stressor? Allow yourself to develop an "early warning system" using the body indicators.

c. Develop a balance in your life. If you have lots of exercise in your work life, develop ways to relax in your nonwork life. If you sit a lot at work, develop afterwork activities that involve exercise. Even at work, take a few minutes to stretch, walk around the block, etc. Develop hobbies to offset your employment. In other words develop a balance between work and play. A useful concept here is that of a mini-vacation. Mini-vacations may last for only a few moments or at most hours. In the midst of a heavy schedule, take time to do something you really like. Give yourself a break.

d. Stability zones are those objects, places, people, beliefs, etc., that appear stable through time. Identify what stability zones are part of your life and how you might develop more of them.

e. When stressful/distressful events are experienced, deal with them—Problem Solve. See the event as a problem to be resolved. And, develop an early warning system for identifying mild stress responses. By identifying stressors early, the corrective action will be much easier.

f. Develop relaxation skills. Meditation, Yoga, breathing exercises, etc., are all ways of relaxing and unwinding. There are many self-help books and institutes that focus in on these topics. The references at the end of this article contain such exercises.

The above are just a few of many potential ways to increase coping skills. The first step is awareness of stressors, interpretation, and responses. The next step is taking

responsibility for your awareness. And, finally, action. The key is to act and reflect . . . act and reflect . . .act and reflect. Find what will work best for you.

Summary

The purpose of this paper has been to explore the topic of stress. In addition to simply understanding stress, emphasis has been placed on practical applications for more effective coping.[2]

[2]Further information about the topic as well as specific instruments mentioned may be obtained from: Dr. Francis Ulschak.

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PRODUCTIVITY, INFLATION AND LIVING STANDARDS

Ralph J. Brown and Jerry W. Johnson

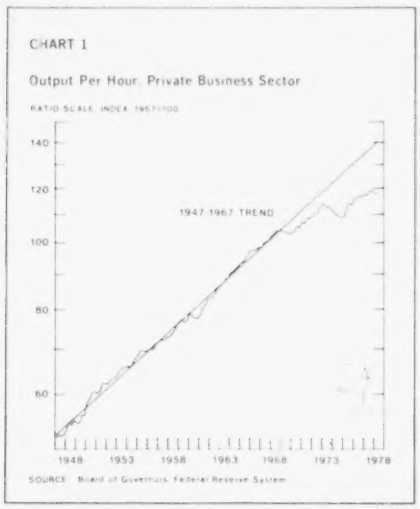
Fashionable in the economic literature today is the suggestion that declining productivity is one factor contributing to inflation and our slower growth in living standards. Productivity is usually measured in terms of labor productivity which is computed as output per worker hour. Historically, real wages- money wages adjusted for inflation-tend to increase at about the same rate as labor productivity. If money wages increase faster than labor productivity the result is higher labor costs per unit of output which means higher prices which feed back to lower real wages. Consequently, real wages over time are closely linked to growth in productivity not growth in money wages. Table 1 illustrates this point.

TABLE 1
Nominal and Real Compensation and Labor Productivity

Time Period	Nominal Wages* (Annual Rate of Change)	Real Wages* (Annual Rate of Change)	Labor Productivity (Annual Rate of Change)
1947-1979	6.3%	2.7%	2.5%
1960-1979	6.8	2.4	2.2
1970-1979	8.3	1.6	1.4

*Includes wages and fringe benefits
Source: U.S. Department of Labor, Bureau of Labor Statistics

Of concern in recent years for both inflation and increases in real wages has been the slowdown in productivity growth rates since the early 1970's. The following chart illustrates the source of concern regarding the decline in output per worker hour. It can be seen that up to 1967 the growth in productivity conformed to the trend rate of about 3 percent as depicted by the solid line. Since 1967 its growth has fallen well below the previous twenty year growth rate.



Why the decline in productivity? A variety of reasons might be cited. The most common reason mentioned has been the low level of capital investment. Indeed, growth in capital spending over the 1947-73 period was 3.9 percent a year, while it has fallen to 1.4 percent per year since. The slowdown in capital spending reflects a number of complex factors. One very important factor has been inflation which has pushed up interest rates and increased uncertainty about the future. At the same time that capital investment was weakening we experienced a demographic shift which increased the number of women, young people from the baby boom of the forties and fifties, and minorities in the labor force. This discouraged a shift to more capital-intensive production techniques as these labor resources were relatively cheaper than capital resources. Likewise, the sharp increase in energy prices have tended to reduce capital spending as they are complements in the production process. This reduction in capital spending slows the growth of the capital-labor ratio and consequently slows the growth of labor productivity.

Other factors contributing to the productivity slowdown are regulatory costs and tax policies. Excessive OSHA, EPA, and other regulations require the investment in more capital to meet these regulations which do not yield subsequent payoffs in increased output. Tax policies in times of inflation tend to inflate profits and understate depreciation allowances. Other factors contribute to declining productivity growth but these are the ones generally referenced.

Lower productivity growth means lower growth in real output and this means a given monetary and fiscal policy will tend to have a greater inflationary impact. While it is hard to imagine that all of the increase in inflation from the 2.4 percent rate of the 1960's to the 7.2 percent rate of the 1970's is due to a 1 to 2 percent drop in productivity the decline is undoubtedly a contributing factor.

Perhaps of greater importance is the impact of lower productivity growth on the growth in our standard of living. As mentioned earlier the growth in real wages is determined by the growth in labor productivity. If labor productivity and real wages grew at 3 percent a year the real wage rate would double every 24 years. If the growth rate were only 1.5 percent it would take 48 years for real wages to double. Consequently, productivity growth may seem to be a rather esoteric statistic, but in reality it is intimately connected with our growth in living standards.

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GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
1978 and 1979
(In $000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return.

Region I	Jan-Dec. 1978	Jan-Dec. 1979	% Change Jan-Dec. 1979/1978
Brookings	144,639	169,563	17.2
Brookings	119,613	139,613	16.7
Elkton	5,399	6,571	21.7
Volga	6,487	7,603	17.2
Clark	24,139	26,871	11.3
Clark	13,933	17,185	23.3
Codington	232,894	266,749	14.5
Watertown	225,554	256,992	13.9
Deuel	22,233	25,683	15.5
Clear Lake	13,861	15,654	12.9
Gary	1,593	1,843	15.7
Grant	57,063	67,217	17.8
Big Stone	1,923	2,286	18.9
Milbank	47,809	56,052	17.2
Hamlin	22,968	28,632	24.9
Bryant	5,148	6,118	18.8
Castlewood	3,235	3,900	20.6
Estelline	5,545	6,351	14.5
Hayti	4,955	6,090	22.9
Kingsbury	47,076	56,708	20.5
Arlington	12,490	16,139	29.2
DeSmet	14,916	17,612	18.1
Lake Preston	8,636	8,878	2.8
Lake	78,776	88,992	13.0
Madison	66,710	78,881	18.2
Miner	17,914	21,503	20.0
Howard	12,619	15,029	19.1
Moody	40,868	47,294	15.7
Colman	13,106	15,969	21.8
Flandreau	19,036	22,745	19.5
TOTAL	688,572	799,261	16.1

Region II			
Clay	66,375	70,787	6.6
Vermillion	59,773	63,130	5.6
Lincoln	75,304	88,086	17.0
Canton	35,771	38,944	8.9
Hudson	3,217	2,723	-15.4
Lennox	10,212	10,963	7.4
McCook	49,378	61,503	24.6
Bridgewater	9,631	11,668	21.2
Canistota	5,254	6,659	26.7
Salem	27,855	34,712	24.6
Spencer	3,568	4,751	33.2
Minnehaha	1,435,107	1,619,945	12.9
Brandon	5,171	6,285	21.5
Colton	8,457	10,010	18.4
Dell Rapids	21,700	26,097	20.3
Garretson	10,891	11,679	7.2
Hartford	7,998	9,919	24.0
Sioux Falls	1,326,027	1,462,557	10.3
Turner	43,463	54,608	25.6
Centerville	6,178	6,901	11.7
Marion	13,150	16,725	27.2
Parker	10,650	12,484	17.2
Viborg	5,057	3,824	74.6
Union	94,941	115,348	21.5
Alcester	13,644	16,467	20.7
Beresford	30,261	34,135	12.8
Elk Point	26,916	33,885	25.9
N. Sioux City	18,894	23,932	26.7
TOTAL	1,764,569	2,010,277	13.9

REGION III			
Aurora	16,270	19,895	22.3
Plankinton	8,263	9,521	15.2
Bon Homme	46,733	51,624	10.5
Avon	8,574	10,439	21.7
Scotland	12,648	11,860	- 6.2
Springfield	7,237	8,089	11.8
Tyndall	14,205	16,254	14.4
Tabor	4,014	4,869	21.3
Brule	42,792	47,118	10.1
Chamberlain	32,903	35,493	7.9
Kimball	8,348	10,016	20.0
Charles Mix	58,008	67,670	16.7
Geddes	4,120	5,295	28.5
Lake Andes	6,416	7,506	17.0
Platte	22,426	25,590	14.1
Wagner	23,272	27,233	17.0
Davison	230,683	258,413	12.0
Mitchell	220,051	244,987	11.3

Region III (Cont)	Jan-Dec. 1978	Jan-Dec. 1979	% Change Jan-Dec. 1979/1978
Douglas	27,364	30,756	12.4
Armour	8,945	9,833	11.2
Corsica	15,256	17,172	12.6
Gregory	39,942	47,416	18.7
Burke	8,164	9,180	12.4
Gregory	20,657	25,464	23.3
Hanson	21,072	25,719	22.1
Alexandria	14,379	17,030	18.4
Emery	4,427	5,835	31.8
Hutchinson	72,443	96,775	33.6
Freeman	25,693	36,083	40.4
Menno	8,755	12,113	38.3
Parkston	24,343	31,544	29.6
Tripp	6,715	7,663	14.1
Jerauld	20,632	26,329	27.6
Wess. Sprgs.	14,588	18,835	29.1
Sanborn	12,229	15,219	24.5
Woonsocket	9,261	11,227	21.2
Yankton	203,699	244,766	20.2
Yankton	190,117	228,199	20.0
TOTAL	791,867	931,700	17.7

Region IV			
Beadle	159,568	186,181	16.7
Huron	148,302	170,599	15.0
Brown	376,931	430,505	14.2
Aberdeen	339,263	382,207	12.7
Groton	13,349	17,837	33.6
Day	52,241	61,631	18.0
Bristol	5,019	5,745	14.5
Waubay	2,603	3,979	52.9
Webster	38,163	43,789	14.7
Edmunds	30,308	34,581	14.1
Bowdle	7,356	8,654	17.6
Hosmer	2,498	2,436	2.5
Ipswich	14,126	16,502	16.8
Roscoe	6,138	6,769	10.3
Faulk	16,639	19,318	16.1
Faulkton	9,460	10,619	12.3
Hand	32,730	38,850	18.7
Miller	28,320	34,073	20.3
Marshall	35,146	40,862	16.3
Britton	27,362	32,403	18.4
McPherson	20,590	24,402	18.5
Eureka	16,088	18,643	15.9
Leola	3,626	4,896	35.0
Roberts	53,180	62,668	17.8
Sisseton	24,748	28,224	14.0
Wilmot	7,908	9,431	19.3
Spink	42,229	49,417	17.0
Doland	2,411	3,124	29.6
Redfield	31,945	35,224	10.3
TOTAL	819,563	948,417	15.7

Region V			
Buffalo	910	1,228	34.4
Campbell	14,655	18,200	24.2
Herreid	6,253	7,597	21.5
Corson	10,929	14,320	31.0
McIntosh	2,402	2,646	10.2
McLaughlin	6,116	6,889	12.6
Dewey	20,446	24,264	18.7
Eagle Butte	8,370	10,364	23.8
Isabel	3,213	4,774	48.6
Timber Lake	7,217	7,161	- 0.8
Haakon	25,272	31,199	23.5
Philip	22,474	27,943	24.3
Hughes	120,963	136,763	13.1
Pierre	114,822	129,476	12.8
Blunt	4,652	5,452	17.2
Hyde	15,699	20,606	31.3
Highmore	15,365	20,179	31.3
Jones	18,170	18,646	2.6
Murdo	15,674	16,568	5.7
Lyman	18,080	18,971	4.9
Presho	6,577	6,984	6.2
Mellette	3,700	4,763	28.7
White River	2,500	2,846	13.8
Perkins	31,579	35,717	13.1
Lemmon	26,522	29,434	11.0
Potter	35,112	42,394	20.7
Gettysburg	23,319	28,722	23.2
Hoven	10,491	12,068	15.0
Stanley	15,417	16,546	7.3
Ft. Pierre	15,064	16,461	9.3

Region V (Cont)	Jan-Dec. 1978	Jan-Dec. 1979	% Change Jan-Dec. 1979/1978
Sully	16,263	18,878	16.1
Onida	15,139	17,342	14.5
Tripp	70,206	85,913	22.4
Winner	68,110	83,119	22.0
Todd	13,904	15,790	13.6
Mission	11,638	14,382	23.6
Walworth	65,950	76,208	15.6
Selby	13,306	17,574	32.1
Mobridge	46,123	50,652	9.8
Ziebach	3,385	4,864	43.7
Dupree	3,169	4,554	43.7
TOTAL	500,644	585,272	16.9

Region VI			
Bennett	17,682	20,042	13.3
Martin	17,222	19,494	13.2
Butte	60,671	67,530	11.3
Belle Fourche	48,272	54,222	12.3
Newell	5,983	6,438	7.6
Custer	28,437	30,985	9.0
Custer	25,627	27,967	9.1
Fall River	39,578	43,490	9.9
Edgemont	11,051	11,825	7.0
Hot Springs	25,477	28,077	10.2
Harding	4,050	4,438	9.6
Buffalo	3,416	3,681	7.8
Jackson	13,660	16,398	20.0
Kadoka	11,672	14,735	26.2
Lawrence	130,052	215,038	65.3
Deadwood	35,809	37,307	4.2
Lead	18,905	97,137	413.8
Spearfish	49,823	51,115	2.6
Whitewood	16,407	18,347	11.8
Meade	67,223	79,150	17.7
Faith	6,837	7,972	16.6
Sturgis	52,229	60,288	15.4
Pennington	817,500	904,829	10.7
Rapid City	753,449	838,414	11.3
Wall	18,283	18,844	3.1
Shannon	6,389	6,783	6.2
Pine Ridge	2,653	2,695	1.6
Washabaugh	671	623	- 6.4
TOTAL	1,185,914	1,389,311	17.2
STATE TOTAL	5,751,129	6,664,238	15.9

LOCAL BUSINESS CONDITIONS

	Jan.-Mar. 1979	Jan.-Mar. 1980	% Change Jan.-Mar. 1979/1980
Aberdeen			
Advertising Lineage Index	200.3	201.0	0.3
Building Permits	1,016,500	146,000	- 85.6
Value of Postal Receipts	588,495	666,702	13.3
Value of Postal Money Orders	90,100	108,887	20.9
Telephones in Service (Mar.)	27,711	28,912	4.3
Brookings			
Building Permits	41,000	360,000	778.0
Value of Postal Receipts	288,674	254,950	- 11.7
Value of Postal Money Orders	45,351	51,707	14.0
Huron			
Building Permits	134,500	32,000	- 76.2
Value of Postal Receipts	260,516	267,207	2.6
Value of Postal Money Orders	47,782	60,576	26.8
Telephones in Service (Mar.)	14,021	14,390	2.6
Mitchell			
Building Permits	154,464	121,118	- 21.6
Value of Postal Receipts	221,810	224,798	1.3
Value of Postal Money Orders	44,288	52,798	19.2
Telephones in Service (Mar.)	14,035	14,694	4.7
Pierre			
Building Permits	277,300	233,000	- 16.0
Value of Postal Receipts	454,983	426,547	- 6.2
Value of Postal Money Orders	46,485	59,172	27.3
Telephones in Service (Mar.)	15,184	15,478	1.9
Rapid City			
Advertising Lineage Index	183.9	185.1	0.7
Building Permits	2,079,505	983,957	- 52.7
Value of Postal Receipts	857,903	877,696	2.3
Value of Postal Money Orders	248,780	274,102	10.2
Telephones in Service (Mar.)	62,109	64,669	4.1
Sioux Falls			
Advertising Lineage Index	218.7	222.7	1.8
Building Permits	3,625,700	2,051,677	- 43.4
Value of Postal Receipts	1,982,759	2,072,044	4.5
Value of Postal Money Orders	247,168	315,219	27.5
Telephones in Service (Mar.)	84,066	86,623	3.0
Watertown			
Building Permits	186,973	74,275	- 60.3
Value of Postal Receipts	261,567	276,192	5.6
Value of Postal Money Orders	51,348	60,320	17.5
Telephones in Service (Mar.)	15,765	16,586	5.2
Yankton			
Building Permits	0	518,600	-
Value of Postal Receipts	449,401	694,328	54.5
Value of Postal Money Orders	66,077	72,357	9.5
Telephones in Service (Mar.)	13,284	13,794	3.8

TELEPHONES IN SERVICE
SELECTED CITIES--SOUTH DAKOTA
March 1979 and 1980

City	March 1979	March 1980	% Change 1980/79
Aberdeen	27,711	28,912	+ 4.3
Belle Fourche	4,656	4,849	+ 4.1
Canton	3,256	3,348	+ 2.8
Chamberlain	2,708	2,802	+ 3.5
Deadwood	3,235	3,294	+ 1.8
DeSmet	1,666	1,714	+ 2.9
Elk Point	1,761	1,808	+ 2.7
Hot Springs	3,893	4,068	+ 4.5
Huron	14,021	14,390	+ 2.6
Lead	3,556	3,607	+ 1.4
Madison	6,542	6,726	+ 2.8
Milbank	4,826	4,956	+ 2.7
Mitchell	14,035	14,694	+ 4.7
Mobridge	4,194	4,278	+ 2.0
Philip	NA	NA	--
Pierre	15,184	15,478	+ 1.9
Rapid City	62,109	64,669	+ 4.1
Redfield	4,230	4,295	+ 1.5
Sioux Falls	84,066	86,623	+ 3.0
Sturgis	6,229	6,473	+ 3.9
Tyndall	1,294	1,333	+ 3.0
Vermillion	7,299	9,376	+28.5
Watertown	15,765	16,586	+ 5.2
Webster	2,735	2,808	+ 2.7
Wessington Springs	1,744	1,770	+ 1.5
Winner	4,602	4,659	+ 1.2
Yankton	13,284	13,794	+ 3.8

Source: Northwestern Bell, Sioux Falls, South Dakota.

TAXABLE RETAIL SALES
In Selected Cities
of South Dakota
(000's of Dollars)

	4th Qtr. 1979	4th Qtr. 1978	% Change 4th Qtr. 1979 from 4th Qtr. 1978	Full Year 1979	Full Year 1978	Percent Change
Aberdeen	52,121	49,293	5.7	181,863	170,642	6.6
Belle Fourche	7,399	6,771	9.3	25,467	23,506	8.3
Brookings	22,077	18,934	16.6	73,692	64,721	13.9
Chamberlain	4,668	4,324	8.0	16,041	15,331	4.6
Dell Rapids	2,416	2,251	7.4	8,926	8,428	5.9
Huron	23,548	22,401	5.1	83,679	76,484	9.4
Lead	4,824	4,115	17.2	18,317	16,421	11.5
Madison	9,567	8,842	8.2	32,980	30,951	6.6
Milbank	7,454	6,791	9.8	26,558	23,244	14.3
Mitchell	29,770	28,955	2.8	107,442	100,864	6.5
Mobridge	6,517	5,799	12.4	22,138	19,880	11.4
Pierre	18,730	17,685	5.9	68,932	64,891	6.2
Rapid City	102,245	95,763	6.8	374,925	349,665	7.2
Sioux Falls	166,968	163,185	2.3	598,475	567,392	5.5
Vermillion	8,827	8,564	3.1	31,565	30,194	4.5
Watertown	33,369	30,479	9.5	115,659	104,903	10.3
Winner	8,010	7,809	2.6	28,423	27,865	2.0
Yankton	22,380	21,715	3.1	82,182	73,661	11.6
Total	530,890	503,676	5.4	1,897,264	1,769,044	7.2

TOTAL PERSONAL INCOME
United States, Plains Region and States
Fourth Quarter 1978 to Fourth Quarter 1979
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1978	1979				% Change
	4th Qt.	1st Qt.	2nd Qt.	3rd Qt.	4th Qt.	3rd Qtr.-4th Qtr'79
United States	1,795,758	1,844,221	1,885,506	1,939,137	1,995,131	2.9
Plains States	136,972	138,781	143,305	146,531	150,634	2.8
Iowa	23,927	24,135	24,799	25,206	25,558	1.4
Kansas	19,795	20,194	21,336	21,637	22,636	4.6
Minnesota	33,288	33,889	35,052	36,110	37,217	3.1
Missouri	36,970	38,211	39,074	40,053	40,984	2.3
Nebraska	12,645	12,543	13,107	13,405	13,463	0.4
North Dakota	5,524	4,977	4,955	5,094	5,404	6.1
South Dakota	4,825	4,832	4,982	5,026	5,372	6.9

Note: Detail may not add to totals because of rounding.
Percentages are based on the seasonally adjusted data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
January-March 1980
United States

	Jan.	Feb.	Mar.	% Change Feb.-Mar. 1980
All Items	233.2	236.4	239.8	1.4
Food & beverages	237.5	238.6	241.0	1.0
Food	243.8	244.9	247.3	1.0
Alcoholic beverages	179.3	180.4	181.7	0.7
Housing[1]	247.3	250.5	254.5	1.6
Shelter	264.0	267.2	271.6	1.6
Rent, residential	184.1	185.6	186.6	0.5
Homeownership	292.5	296.3	302.0	1.9
Fuel & other utilities[1]	250.6	263.8	268.0	1.6
Fuels[1]	318.0	327.1	333.9	2.1
Fuel oil, coal & bottled gas	514.0	539.1	553.4	2.7
Gas (piped) & electricity[1]	273.0	278.8	284.0	1.9
Other Util. & Pub. Services	161.5	161.3	161.9	0.4
Household furnishing & operation[1]	196.9	199.0	201.3	1.2
Apparel & upkeep	171.0	171.9	176.0	2.4
Transportation	233.5	239.6	243.7	1.7
Private transportation	233.5	239.3	244.0	1.8
Public transportation	226.8	229.5	232.1	1.1
Medical care	253.9	257.9	260.2	0.9
Entertainment[1]	195.3	197.8	200.6	1.4
Other goods & services[1]	206.3	208.1	208.9	0.4

[1]Index series has under gone a change in title and/or definition.
NOTE: Index applies to a month as a whole, not to any specific dates.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics

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PRICES RECEIVED BY FARMERS
FOR COMMODITIES SOLD--SOUTH DAKOTA
MARCH 1979 AND MARCH 1980

Commodity and unit	Base Period Price 1910-1914 Average	Price March 1980	Price March 1979	March 1980 Price as % of Base	Percent March 1980 Price Above or Below March 1979
Wheat Bu.	$ .85	$3.42	$2.80	402	+22.1
Corn Bu.	.51	1.97	1.91	386	+ 3.1
Oats Bu.	.35	1.22	1.21	349	+ 0.8
Barley Bu.	.59	1.93	1.85	327	+ 4.3
Flaxseed Bu.	1.68	5.89	6.76	351	-12.9
Milk, whsl. Cwt.	1.82	11.90	11.10	654	+ 7.2
Eggs Doz.	.196	.354	.392	181	- 9.7
Cattle Cwt.	5.24	70.00	73.10	1336	- 4.2
Calves Cwt.	6.08	88.30	90.70	1452	- 3.0
Hogs Cwt.	7.07	34.50	49.50	488	-31.4
Sheep Cwt.	4.24	41.50	24.00	979	+73.0
Lambs Cwt.	5.66	66.80	70.00	1180	- 5.0
Wool Lb.	.178	.880	.780	494	+12.8

Source: South Dakota Crop & Livestock Reporter

HOURS AND EARNINGS OF PRODUCTION OR NONSUPERVISORY WORKERS
IN SELECTED GROUPS IN SOUTH DAKOTA
March 1979 and March 1980

	AVERAGE WEEKLY EARNINGS		AVERAGE WEEKLY HOURS		AVERAGE HOURLY EARNINGS	
	March 1980	March 1979	March 1980	March 1979	March 1980	March 1979
Total Private Nonagricultural	$185.92	$166.00	33.2	33.4	$5.60	$4.97
Manufacturing	240.63	223.04	39.0	39.9	6.17	5.59
Durable Goods	219.35	206.04	40.1	39.7	5.47	5.19
Lumber and Furniture	197.11	188.31	34.4	34.3	5.73	5.49
Fabricated Metals & Mach.	212.86	200.57	39.2	41.1	5.43	4.88
Nondurable Goods	260.37	240.60	37.9	40.1	6.87	6.00
Food and Kindred Products	301.63	278.47	37.9	40.3	7.96	6.91
Meat Products	354.88	340.17	38.2	42.1	9.29	8.08
Other Food Products	204.38	186.24	37.5	37.7	5.45	4.94
Paper, Printing & Publishing	204.05	188.87	35.0	37.4	5.83	5.05
Nonmanufacturing	177.88	157.95	32.4	32.5	5.49	4.86
Mining	354.22	307.60	39.8	41.4	8.90	7.43
Construction	326.90	305.37	36.1	40.5	8.58	7.54
Transportation & P.U.	287.65	257.42	38.2	37.8	7.53	6.81
Communications & P.U.	309.27	276.64	39.0	38.8	7.93	7.13
Trade	158.30	141.64	31.1	31.9	5.09	4.44
Wholesale Trade	227.62	210.14	37.5	39.5	6.07	5.32
Retail Trade	135.78	117.38	29.0	29.2	4.68	4.02
Auto Dealers & Serv. Station	227.56	210.68	44.1	45.9	5.16	4.59
Other Retail	121.75	101.64	26.7	26.4	4.56	3.85
Finance, Ins. & R.E.	176.95	141.45	30.3	35.1	4.67	4.03
Banking	156.11	130.61	35.4	32.9	4.41	3.97
Services	136.05	118.96	29.9	29.3	4.55	4.06

Source: South Dakota Department of Labor

PROSPECTIVE PLANTINGS
South Dakota
1980
(000's of Acres)

Crop	Acreage Planted 1978	Acreage Planted 1979	Intentions 1980	1980 as a % of 1979
All Corn	3,250	3,440	3,400	99
All Sorghum	460	425	425	100
Oats	2,570	2,400	2,350	98
Barley	600	540	500	93
Soybeans	400	650	800	123
Flaxseed	270	365	365	100
Durum Wheat	195	175	290	166
Other Spring Wheat	2,300	2,200	2,800	127
All Sunflowers	165	620	650	105
All Hay	4,600	4,600	4,600	100

Source: South Dakota Crop and Livestock Reporting Service

SOUTH DAKOTA NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
March 1979 and March 1980
(In 000's)

	March 1980	March 1979	% Change March 1980 from March 1979
Total Nonagricultural	234.6	233.7	0.4
Manufacturing	26.4	25.9	1.9
Durable Goods	12.7	12.9	-1.6
Lumber & Furniture	1.2	1.4	-14.3
Fabricated Metals & Machinery	8.5	8.4	1.2
Other Durable Goods	3.0	3.1	-3.2
Nondurable Goods	13.7	13.0	5.4
Food & Kindred Products	8.2	8.0	2.5
Paper, Printing & Publishing	2.4	2.3	4.3
Other Nondurable Goods	3.1	2.7	14.8
Nonmanufacturing	208.2	207.8	0.2
Mining	3.0	2.6	15.3
Construction	9.7	10.0	-3.0
Transportation & Public Utilities	13.8	13.7	0.7
Railroads	1.2	1.3	-7.7
Other Transportation	6.9	6.7	3.0
Communications & Pub. Utilities	5.7	5.7	0.0
Trade	64.7	64.6	0.2
Wholesale Trade	17.2	17.3	-0.6
Durable Goods	8.0	8.2	-2.4
Nondurable Goods	9.2	9.1	1.1
Retail Trade	47.5	47.3	0.4
Finance, Insurance & Real Estate	11.3	10.6	6.6
Services	47.3	47.6	-0.6
Hotels, Amuse., Pers. & Business	11.8	11.8	0.0
Medical and Health	19.1	18.4	3.8
Educational, Membership & Social	13.8	14.8	-6.8
Other	2.6	2.6	0.0
Government	58.4	58.7	-0.5
Federal	10.5	10.6	-0.9
State	16.1	15.7	2.5
State Education	8.2	7.8	5.1
Other	7.9	7.9	0.0
Local	31.8	32.4	-1.9
Local Education	19.1	19.6	-2.6
Other Local	12.7	12.8	-0.8

Source: South Dakota Department of Labor

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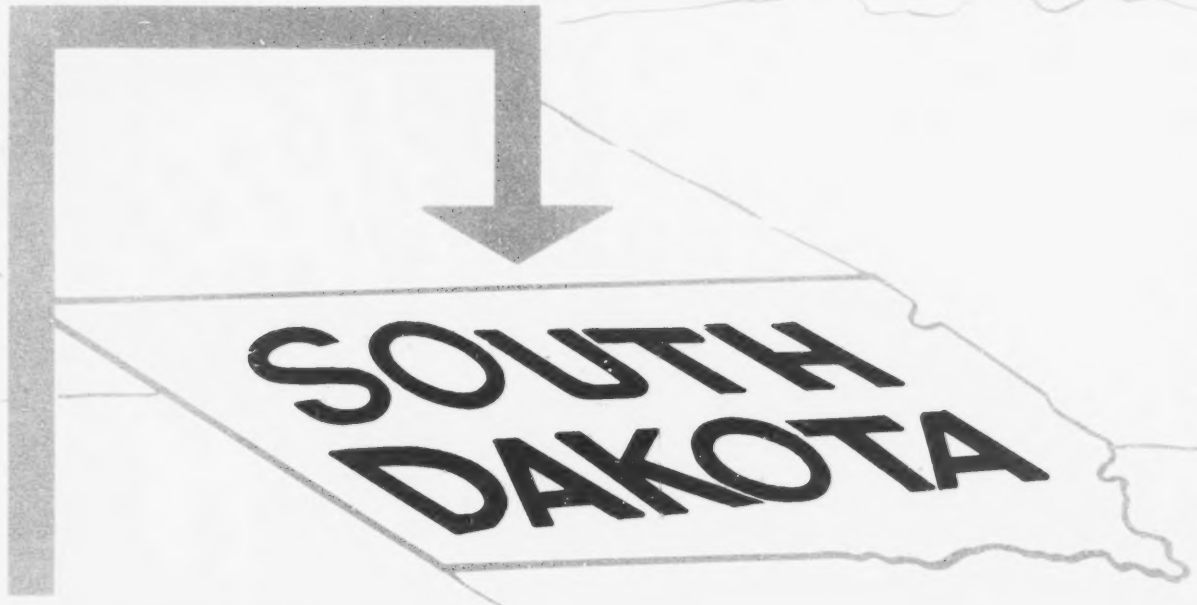

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The Cyclical Sensitivity of the South Dakota Economy

Ralph J. Brown

Introduction

The South Dakota economy is usually characterized as a small isolated economy, heavily dependent on agriculture, and not very much influenced by national developments. While there is certainly an element of truth in this characterization we will argue that this position can be easily overstated. The South Dakota economy is small but it is certainly not isolated in any meaningful economic sense. The free flow of goods and services, capital, and labor across state borders has a ten-

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dency to promote greater equality of prices and interest rates between regions of the country. Consequently, developments in the money and capital markets of the country are quickly transmitted through a financial system which is fairly well integrated on a regional basis. Likewise, inflation is certainly felt in South Dakota through the operation of integrated goods and services markets.

As a result, the differential responsiveness of the South Dakota economy to national developments reflects more the particular mix of industries that we have in this state as compared to the national mix than the lack of national influence. While agriculture is still the dominate industry in the state its share of personal income has declined from about 30 percent 20 years ago to about 20 percent of personal income in 1980.

It is the purpose of this article to explore the responsiveness of the South Dakota economy to the national business cycle. The responsiveness of the nonfarm sector as well as the industry-by-industry responsiveness to the national business cycle will be examined. Finally, the coherence between the national cycle and selected South Dakota economic indicators will be examined.

Cyclical Sensitivity of the South Dakota Economy

In order to test the sensitivity of the South Dakota economy to the national business cycle the quarterly growth rates of real nonfarm personal income (labor and proprietors income) during the expansion phase of the business cycle were compared to the recession phase of the cycle.[1] Nonfarm income was used because farm income tends to run on a cycle which is often independent of the national business cycle due to vagaries of weather and price fluctuations.

The difference between the average quarterly (at annual rates) growth in real nonfarm income during the expansion phase of the cycle and the recession phase is defined as the **cyclical swing**. The greater the value for this measure the more sensitive is nonfarm income to the national business cycle. Table 1 presents data on the average quarterly growth in nonfarm income during expansions and recessions and the cyclical swing for South Dakota and the U.S. for each business cycle since 1958.

Table 1
Measures of Growth in Real Nonfarm Income
for South Dakota During Expansions and Recessions
(average quarterly growth at annual rates)

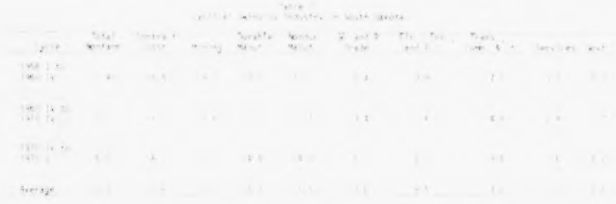
Expansion	Recession	Cyclical Swing S.D.	Cyclical Swing U.S.	Cyclical Swing Ratio
1958:I to 1960:I 4.9	1960:I to 1960:IV 3.5	1.4	6.2	0.23
1960:IV to 1969:III 3.4	1969:III to 1970:IV 1.3	2.1	4.7	0.45
1970:IV to 1973:IV 5.5	1973:IV to 1975:I -0.6	6.1	9.6	0.64
1975:I to 1979:IV 4.2	1979:IV to ?			

The data show that while the cyclical swing for South Dakota is less than that for the U.S. it has become more pronounced with each cycle since 1958. During the 1958: I to 1960: IV cycle the cyclical swing was 1.4 percent as compared to 6.2 percent for the nation. During the 1960: IV to 1970: IV cycle the cyclical swing for South Dakota was 2.1 percent while it was 4.7 percent for the nation. During the 1970: IV to 1975: I cycle the South Dakota cyclical swing was 6.1 percent as compared to 9.6 percent for the U.S. The ratio of the South Dakota to U.S. cyclical swing increased from 0.23 to 0.45 to 0.64 in each succeeding business cycle.

It is interesting to examine the cyclical swing on an industry-by-industry basis. Table 2 presents data on the cyclical swing by industry for each cycle since 1958. A negative cyclical swing indicates that this industry expanded faster during the

1 This procedure is similar to that used in Howard Friedenberg and Robert Bretzfelder. "Sensitivity of Regional and State Nonfarm Wages and Salaries to National Business Cycles, 1948-79," **Survey of Current Business,** May 1980.

recession phase than the expansion phase of the business cycle. The cyclically sensitive industries tend to be durable and nondurable manufacturing and finance, insurance, and real estate. Wholesale and retail trade; transportation, communication, and public utilities; services; and government did not appear to be particularly sensitive to the national business cycle. Construction had a negative cyclical swing during the 1958 I to 1960: IV cycle which is undoubtedly due to the Missouri River dam activity in the early 1960's, but since then construction did appear to be quite sensitive to the business cycles, while mining appeared to have a rather erratic behavior over the cycle.



Turning to farm personal income we find no stable relationship to the national business cycle. Table 3 presents data on the average quarterly growth in real farm personal income during expansions and recessions. During the 1958: I to 1960: IV and 1960: IV to 1970: IV cycles real farm income expanded faster during recessions than during expansions. Over the 1970: IV to 1975: I cycle real farm income expanded sharply during the expansion and contracted sharply during the recession. However, there were a multitude of forces other than the business cycle which impacted farm income during the period. The Russian wheat deal, two devaluations of the dollar, and a worldwide shortfall in grain production, all caused farm income to soar over the 1970: IV to 1973: IV period. During the 1973: IV to 1975: I period farm prices received fell about 6 percent while prices paid rose 13 percent the cattle cycle was entering a liquidation phase and the international demand for U.S. food and fiber products cooled considerably.

Table 3
Measures of Growth in Real Farm Income
for South Dakota During Expansions and Recessions
(average quarterly growth at annual rates)

Expansion	Recession	Cyclical Swing S.D.
1958:I to 1960:I	1960:I to 1960:IV	
-20.0%	62.9%	-79.7%
1960:IV to 1969:III	1969:III to 1970:IV	
- 3.4%	-3.8%	0.4%
1970:IV to 1973:IV	1973:IV to 1975:I	
43.3%	-92.2%	135.5%
1975:I to 1979:IV		
7.2%		

Overall, it appears that the South Dakota economy does respond to the business cycle, but much less than the nation as a whole. The most sensitive industries in the state are manufacturing, construction, and finance, insurance, and real estate. The other nonfarm industries tend to be relatively insensitive to the business cycle. There is no stable relationship between farm income and the business cycle.

Cyclical Behavior of Selected South Dakota Indicators

In this section the cyclical behavior of a selected set of South Dakota economic indicators is examined. These indicators were selected so as to represent a broad range of industrial sectors in the South Dakota economy. Indicators of the total level of economic activity, the farm sector, manufacturing, construction, and the retail sector are presented. The cyclical behavior as well as comparisons with the same indicator at the U.S. level are presented.

Real Personal Income

Personal income is probably the most widely used indicator of state economic activity based on published data sources. The bulk of personal income is derived from production. It includes wages and salaries, other labor income, proprietors' income, rental income of persons, dividends, personal interest income, and transfer payments, less personal contributions for social insurance. When personal income is adjusted for inflation the result is real personal income which provides a fairly comprehensive measure of the real level of economic activity at the state level.

Figure I shows an index of South Dakota real personal income compared to an index of U.S. real personal income. At the national level real personal income is considered a roughly coincident indicator. A roughly coincident indicator tends to roughly coincide with the business cycle peaks and troughs.

As can be seen by viewing Figure 1, South Dakota's real personal income does follow the U.S. pattern with the most notable exception being 1976, the year of the drought. In 1973, real personal income was higher at the U.S. level but not as sharply as in South Dakota. These exceptions arise primarily due to the large share of farm income in South Dakota economy.

Real Farm Proprietors' Income

Farm proprietors' income is the monetary income and income-in-kind of sole proprietorships and partnerships engaged in farming operations. This figure is calculated by subtracting current farm operating expenses and overhead-type costs as depreciation, taxes on farm property, and interest on debt from gross farm income which includes cash from farm marketings, government payments, other farm income, and nonmoney income. This figure does not include corporate farm income which represents about 3 percent of total net farm income in South Dakota. Adjusting farm proprietors' income for inflation yields real farm proprietors' income.

Figure 2 presents an index of South Dakota and U.S. real farm proprietors' income. Examination of this data indicates that South Dakota and U.S. farm income move together in an almost parallel fashion. As pointed out earlier neither series is systematically related to business cycle turning points.

Real Taxable Retail Sales

Taxable retail sales data is based on the quarterly returns from the South Dakota Sales and Use Tax. Adjusted for inflation real retail sales is roughly coincident with business cycle turning points. Figure 3 presents data on real retail sales at the U.S. and state level. Generally, the two series move in almost parallel fashion.

Nonagricultural Employment

Nonagricultural employment is a measure of the number of persons on establishment payrolls receiving pay for full or part-time work. Since multiple job holders are counted for each job and no account of the number of hours worked is taken into account, this measure does not fully reflect all business cycle adjustments. Nevertheless, this indicator is a good measure of economic activity and coincides closely with business cycle peaks and troughs. As shown in Figure 4, nonagricultural employment corresponds closely to the U.S. pattern.

Construction Employment

Construction employment provides a measure of construction activity. As a cyclical indicator it is a leading indicator. Construction activity leads business cycle turning points due to a number of factors inherent in the cyclical process, such as, overbuilding in some categories and the procyclical behavior of interest rates. The pattern of South Dakota and U.S. construction employment are shown in Figure 5. Both indexes seem to move in roughly parallel fashion until 1978

(Continued on page 8)

Trend of Business

The National Economy

There is growing evidence that the economy's rate of decline is subsiding. Recent data from Washington provides improved prospects that the bottom may have been reached. Contrary to widely accepted expectations the July unemployment rate did not rise above the 7.8 percent rate of June. After four consecutive months of decline retail sales, which make up nearly two-thirds of all economic activity, rose by 2.0 percent in July. Although construction outlays dropped by 2.3 percent in June the rate of decline was significantly smaller than in March and April. The latest monthly survey of the National Association of Purchasing Management, Inc. showed a rise in new orders, a decline in inventories and an easing in inflation.

Though encouraging, the evidence is not sufficient to be suggestive of the timing nor length of a movement towards recovery. Clouding the issue is the posture of the Federal Reserve. Despite expectations of easing monetary policy the Federal Reserve continues to maintain a tough money position. Such a position could lead to a sluggish recovery. On the other hand strength from the consumer sector likely can be expected if for no other reason than because of the depth of the recent collapse in spending. Also a tax cut early next year could further act to hasten the recovery.

If an article prepared by Dr. Ralph Brown in this issue it is argued that in recent years the South Dakota economy has become more sensitive to the national cycle. Acceptance of this argument would suggest continued sluggishness in the coming months with recovery in the latter part of the year or early 1981.

The South Dakota Economy

The six indicators of business activity for South Dakota maintained by the Business Research Bureau which compare 1979 and 1980 declined in the second quarter compared to the first quarter.

Following substantial increases of **new car registrations** for the months of February, March and April of 1980 compared to 1979, sales dropped off in May and June finishing the second quarter with a 21.4 percent decrease.

Using information computed by the South Dakota Department of Public Safety, **new truck registrations** were down for each month of the second quarter of 1980 compared to this period a year ago ending the quarter with a 53.7 percent decrease.

Construction employment for South Dakota was also down for the second quarter of 1980 compared to 1979 by 3.9 percent. As indicated in the June 1980 "South Dakota Labor Bulletin" published by the South Dakota Department of Labor, "the South Dakota unemployment rate rose to 4.4 percent in June. This was a continuation of a trend which began in April 1980 when the rate was 4.0 percent. The June rate is the second highest since South Dakota began seasonally adjusting, but was well below the national average which which dropped to 7.7 percent in June." As shown on the table on page 12, non-agricultural employment was down in most of the major industry divisions, while only three showed increases for the period June 1979 to June 1980 (Mining; Finance, Insurance and Real Estate; and Services). This issue of the **Review** contains a more detailed analysis of South Dakota employment for various sectors with a comparison to the U.S. pattern found in the article by Dr. Ralph Brown.

Sales of ordinary life insurance for South Dakota remained on the plus side comparing the second quarter of 1980 to this period a year ago. For the second quarter of 1980 they had a 10.4 percent gain; for the first half of the year they registered a 13.8 percent increase.

Used as an indicator of retail activity for South Dakota **taxable sales** at 4% were up by 7.3 percent for the first quarter of 1980 compared to the first quarter of 1979.

Postal receipts which measures the mail order business in major South Dakota cities was also on the plus side for the second quarter of 1980 compared to this period a year ago. Postal receipts increased by 4.0 percent for the second quarter and ended the first half of 1980 with a 5.6 percent increase.

The following table gives a monthly comparison of the first half of 1980 compared to 1979 for five of the South Dakota business indicators and compares the first quarter of 1980 to 1979 for taxable sales at 4%.

MONTHLY BUSINESS INDICATOR INDICES
January-March, 1979 and 1980
(1967 Equals 100)

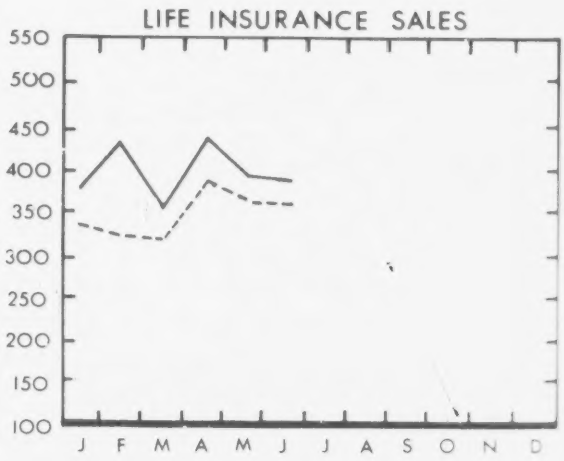
	Insurance Sales			Postal Receipts			Taxable Sales (4%)			New Cars			New Trucks			Const. Employ.		
			%**			%**			%**			%**			%**			%**
	1979	1980	Chge.	1979	1980	Chge.	1978	1979	Chge.	1979	1980	Chge.	1979	1980	Chge.	1979	1980	Chge.
January	339.3	387.8	+14.3	306.2	322.9	+ 5.5				107.2	99.9	- 6.8	109.1	168.8	+54.7	172.3	174.1	+ 1.0
February	333.0	438.4	+31.7	308.0	343.7	+11.6				67.9	122.0	+79.8	99.8	155.0	+55.3	163.1	168.4	+ 3.2
March	327.2	355.2	+ 8.6	288.8	304.6	+ 5.5				98.3	146.8	+49.3	145.3	142.2	- 2.1	170.4	165.3	- 3.0
1st Qtr.			+17.6			+ 7.3			+ 7.3			+27.3			+35.0			+ 0.3
April	388.0	444.5	+14.6	291.6	314.4	+ 7.8				123.7	241.1	+94.9	266.0	152.4	-42.7	169.9	156.8	- 7.7
May	366.5	398.1	+ 8.6	340.5	339.3	- 0.3				85.8	36.1	-58.0	58.8	25.6	-56.4	150.0	151.2	+ 0.8
June	365.2	393.5	+ 7.8	328.4	343.2	+ 4.5				160.6	94.1	-41.4	191.3	66.2	-65.4	147.9	140.5*	- 5.0
2nd Quarter			+10.4			+ 4.0			N.A.			-21.4			-53.7			- 3.9
1st Half Year			+13.8			+ 5.6						+ 1.1			-11.7			- 2.1

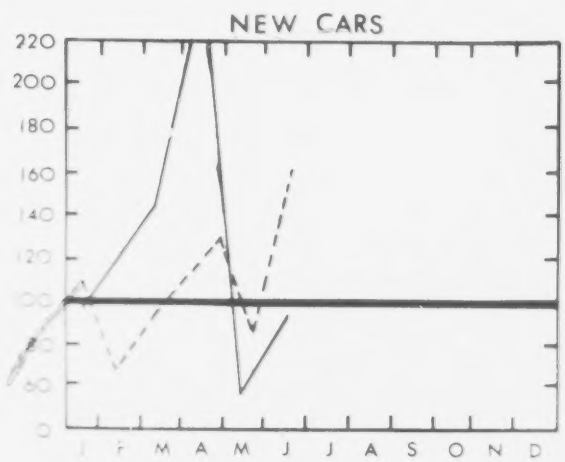
*Preliminary
**Percentage changes based on original data.

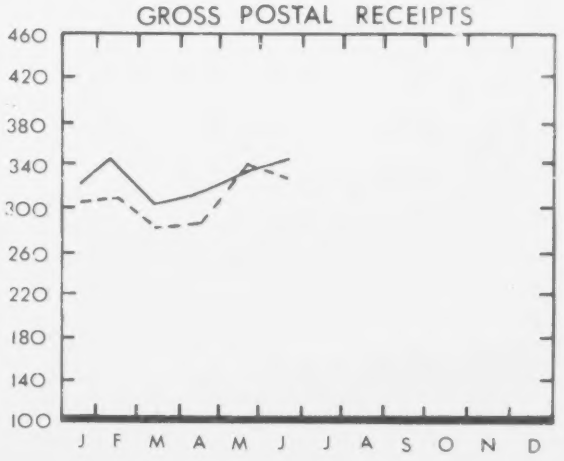
SOUTH DAKOTA BUSINESS INDICES
1979 – 1980

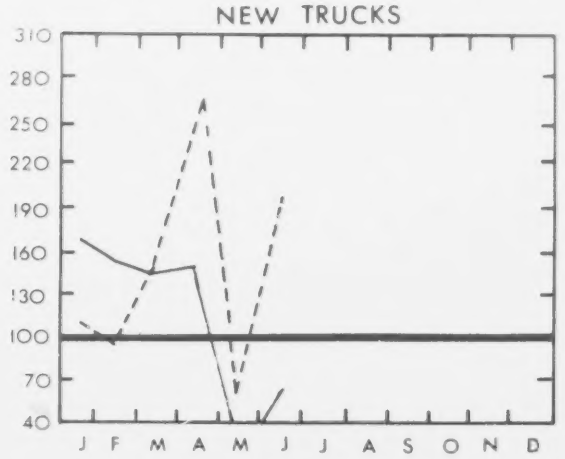
ADJUSTED FOR SEASONAL VARIATION

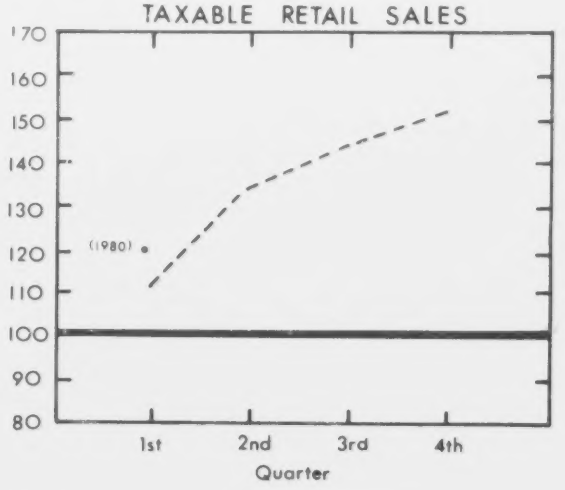
BASE 1967 = 100*











1978 - · - · - · - 1979 ---------- 1980 ————

* Taxable Retail Sales Base 1976 = 100

The Advertising Budget in Times of Austerity

James D. Taylor

When "hard times" pressure firms to cut expenses should advertising be included in the cuts or should it be left alone? There is evidence that some businesses in South Dakota are reducing advertising expenditures.

Fourth quarter 1979 gross sales reports for the South Dakota sales and use tax reporting system statistics show advertising services gross sales down 17.6% and 7.1% in Pennington and Minnehaha counties respectively from the 1978 fourth quarter.

The changes for other categories of business were mixed, most up, but many down. Therefore, the question posed in the first sentence comes to mind for those businesses that use advertising. Should ad budgets be cut when the cost-revenue squeeze is on? The reaction to this question will vary by the role of advertising in the business strategy of a firm.

Retailers

Retailers are generally considered to be businesses that experience quick response to advertising. Most retail advertising is designed to sell those particular products or services which the store hopes to sell within the few days following the ad. However, the retailer does not depend on advertising alone. At the time the product is advertised, it is prominently displayed and often given a promotion price. Therefore, how much of the actual sale was the result of advertising? The transmitting of the product, price and availability information may be crucial for some retailers, and less important for others, depending on the role advertising plays in creating store traffic. For example, stores with favorable locations, and established clientele are going to have traffic in their aisles on a regular basis, and therefore, feature-items and price reduced items will sell with little help from advertising.

One set of goals of retail advertising is to build immediate traffic as well as cause immediate sales of specific merchandise. The rule of thumb is that no advertising pulls business into a store for more than three days. Therefore, the store that depends on advertising to create traffic must continuously advertise. Regardless of the reason for the store's traffic there is a strong likelihood that the people in the store will buy something besides the featured items. A study by the Bureau of Advertising and a large department store found that two-thirds of the women interviewed who had bought a product after seeing it advertised also bought one or more other products in the store. Another study determined that women attracted by promotional ads bought 1.3 unadvertised items for every advertised item they bought.[1]

In addition to building immediate sales and traffic, a retailer also tries to build a long-run image or impression of the store to get a customer base built for future traffic and sales. Every store must have an identity, a personality or an image. This identity, personality, image (i.p.i.) can be built around the owner/manager and the employees, and the attitude they adopt. This rapport can create a strong patronage motive on the part of the shopper. This i.p.i. can be built on the assortment of products, in their breadth and depth, quality, brands and accompanying services. The i.p.i. can even be conveyed by the general appearance and layout of the store. Much of the i.p.i. of a store is conveyed by the store advertising. Both objectives, i.e., building traffic (and thus, sales) and i.p.i. are achieved because of what is advertised, and the way the contents of the ad are presented.

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Retailers generally view the cost of gaining traffic as a combination of promotion and location. The cost of these two factors are generally reciprocals of each other. If a retailer has a location favorably situated to gain traffic such as in a shopping center or mall, it is likely rather expensive space. However, relative to the location cost, the promotion costs are less. If, on the other hand, the location is less expensive because it is not favorable for gaining traffic, then promotion costs are going to be high to generate the needed traffic. The former locations are suscipient, that is, dependent on traffic created by the vicinity's attractions. The latter is a generative location, in that traffic must be generated by the store and its promotion.

Often the figures used to represent the proper amount to spend for advertising are tied to past experience and/or averages for the type of business. A drug store might settle on figures running between one percent and two percent of sales. Based on past experience a large drug store chain operating in South Dakota reported about 2 percent of sales as their advertising budget. This store operates with a policy of heavy price and variety promotion. The average nationwide advertising expenditure for drug stores in 1975 according to the IRS was 1.17 percent of sales. The figures get a little blurred because the definition of "drug store" encompasses many lines of merchandise and great differences in physical size and sales volume. This same blurring is true of some other store types.

When periods of rising costs and/or lower sales lower the profits the squeeze puts the advertising budget in jeopardy. Retailers whose marketing mix and promotion mix rely heavily on advertising for their traffic are the most likely to keep the ad budget intact. These are stores that have a policy of heavy promotion to bring traffic, where they emphasize price, expect immediate response and try for i.p.i. as a place to get a bargain. These stores also often rely on advertising to draw people to out-of-the-way locations (generative locations), which were chosen to cut location expenses and provide room to park and allow a building large enough to display quantities of merchandise and accommodate heavy traffic.

What of the stores with better locations, established clientele and/or stores which attract people because the merchandise assortment which people need either frequently or infrequently on a somewhat regular basis? These would be food stores, apparel, furniture, building materials, hardware, etc., which do not seem to exist by sheer quantity of advertising and price specials. Experience shows that advertising for most of these stores can be cut or dropped entirely for short periods. Early reaction (the first week or two for a food store for instance) will be some drop in sales, but no drastic or alarming change. However, soon after that sales declines will grow cumulatively worse. Even in-store promotions will not overcome the absence of advertising.[2] This sales reaction, or decay period, will vary with merchandise assortment and competition. Furniture stores, for example, would have slower decay than stores carrying more frequently bought merchandise. Decay would also be slower for stores carrying shopping goods, where more search effort is put forth by purchasers to get the most suitable products.

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[1]Bogart, Leo, **Strategy in Advertising**, Harcourt, Brace & World, 1967, p. 16.

[2]Perlmutter, Milton, in **Federal Trade Commission Hearings on Modern Advertising Practices**, New York: American Association of Advertising Agencies, 1971, p. F-10.

A sizeable part of retail advertising (some claim one-half) is paid for by national manufacturers as cooperative allowances. The manufacturer gets several advantages which he trades off against some lack of control of the advertising. One advantage is to get local advertising of his brands at the retailer's local rate, which is generally less than the national advertising rate.

Since retailers often use cooperative support and promotional advertising allowances from manufacturers, the cutting of ad budgets could magnify the cut in actual advertising. When each dollar of advertising spent by a retailer for a manufacturer's brand is matched by that manufacturer, each cut is also matched by a cut in advertising support from the manufacturer. Thus, there is more incentive for a retailer to keep ad support for brand and item advertising, unless the support by the manufacturer is cut.

As earlier indicated, part of advertising contributes to a store's identity, personality and image (i.p.i.) for future patronage. Therefore, much advertising can be viewed logically as an investment rather than an expense. An investment implies a pay-out over a long period of time. Because of the way business records are kept, and because of tax laws, advertising is regarded as a current expense where the benefits are used up immediately, like utilities. Since much advertising is considered an investment in future business the reduction of advertising for any length of time is much like the halting of maintenance and replacement of capital assets. In the short-run there may be little notice of change, but future performance is in jeopardy. All advertising has the residual effect of building a loyal base of customers. This base erodes over time if it is not reinforced.

Where advertising is a necessary expenditure, it is one that is subject to much judgment. The amount to spend is "just the right amount; not too much and not too little." Experimentation by the retailer or the producer is helpful in determining the appropriate level, but it is still a judgment decision. Ways of determining the amount to spend and ways of allocating it will be noted further on in this article. At this point the main concern is recognition that for most retailers the expenditure is necessary, and it is subject to judgment, not law. A horse which is trained to work without eating will eventually die. A retail business with no promotion or advertising to nourish it will eventually die also, but it is difficult to predict when.

Thus, the question for a retailer who is eyeing the ad budget is the consideration of both long and short-run effects of altering that budget.

Producers

The producer of a branded product who faces austerity confronts a problem similar to the retailer in the long-run residual effect. Producers are not likely to advertise for immediate response. They are more likely to view their advertising as a long-run investment in product positioning or awareness in the minds of the users. This is not the same as the retailer's i.p.i. A product is positioned in the mind to bring specific benefits or fulfill a need or desire. Secondly, the channel members (wholesale and/or retail establishments used to market the products) view the advertising to users by the brand owners (producers) as an investment in their own future sales of these products. More directly, retailers may be affected if ad cuts result in cooperative allowances being cut. Therefore, the cutting of advertising by producers can produce reactions varying with the role of advertising in the marketing mix.

Where the producer relies primarily on personal selling to reach channel members and advertises little, the effect of ad cuts is likely to be of minor impact. However, with that promotion strategy there is little to be saved by cutting advertising since it is probably not a significant budget item.

When the brand of the product is well established or in the maturity stage of the product life cycle, the immediate results of advertising budget cuts for that brand will be of little impact compared to products in earlier stages of the product life cycle (which are less securely established because of weak position in the user's mind relative to other products). However, regardless of the brand's place in the product life cycle, where the producer relies primarily on pulling his products through the marketing system of middlemen by advertising to sustain user's mind position for his product, it would be dangerous to cut the ad budget for very long, even though this pull strategy offers tempting ad budgets from which to draw dollars.

How Ad Budgets Are Set

The most popular approach to ad budgeting has been the percent of sales. This approach bases the ad budget for the coming year on the previous year's sales, or an average of several previous years. Another version of this is to base the ad budget on the anticipated sales for the coming year. The method is the same, i.e., a fixed percent of sales, but the base would be different, i.e., previous year or years vs. a future year. The popularity of this system must be its simplicity and apparent precision. (The percent can be expressed in several decimal places if you like!) However, this method lacks logic and flexibility. It is illogical because it assumes sales begets advertising, whereas advertising's whole purpose is to develop sales. It is inflexible because it does not allow the budget to rise and fall with sales potential. A fixed percent may result in underspending and missing a rising potential, or overspending in a falling potential. The percent of sales method is rather like fishing. You wet the line where the fish are, if you think you know. If you find there are none you do not put in more lines. If on the other hand, the fish are there you may be rewarded by putting in more than one line.

Sometimes advertisers modify their ad budgets by observing what competitors are doing. Often government and trade association statistics tell how much competitors collectively spend for advertising. A few large competitors that are widely held corporations publish this information where it is reported in business periodicals regularly. Budgeting to stay with competitors is a defensive strategy that is generally late, since the published information is about a year old. It is also illogical since others may have objectives and conditions that differ from yours. However, competitors in the same community are easy to analyze for this purpose.

Nearly one-third of advertisers nationwide use a method for ad budget determination called simply "all you can afford." This means advertisers will appropriate for the ad budget after all other unavoidable expenses and investments have been allocated.

The logically recommended method is to build the ad budget from the planned objectives of the firm. Many companies set up one- to five-year plans. They detail as much as they can the company's future prospects and objectives. The ad budget becomes part of this plan, at least the one-year plan. As the strategies and tactics to achieve the plan's objectives are laid out for the year, the role of advertising can be detailed. From these advertising plans, advertising investment can be estimated and budgeted. If the amount allocated for advertising seems high when this is done, it may warrant examining the objective, not arbitrarily cutting the ad budget.

Why Ad Budgets Might Drop

There may be reasons for advertising budgets to decrease even as a percent of sales. Some firms may cut back because of pressure on all costs where advertising is regarded just as

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an expense item. This is generally regarded as unsound business practice. Cutting advertising assumes that advertising is a discretionary expenditure, not a fundamental cost of doing business. However, there may be reasons which are in keeping with sound business practice. When demand slows and/or costs rise, producers of products may react in ways that justify less advertising. In spite of the belief that most businesses determine ad budgets by using a fixed percent of sales and what they can afford after other costs, many may be basing their advertising budgets on total marketing strategy plans and advertising's role in that strategy. If the latter is indeed the case, then hard times as a result of slipping demand and/or strangling costs may affect managements' strategy conservatively, and thus the ad budget, as part of this strategy is dealt with accordingly.

Management may believe that there are times when the economic environment does not present favorable opportunities for expansion and diversification. Expansion and diversification either through new product offerings or attempts to reach new markets, are increasingly difficult as costs rise and increasingly risky when demand is unfavorable. In times when the future is more uncertain than usual, firms may feel justified in digging in and preparing for a fight for survival.

Advertising's role under these circumstances is considerably subdued compared to its role during expansion and diversification. Thus, firms opting for a conservative plan may very well cut advertising to fit this role. Under these conditions, holding advertising to its former budget, dollarwise or percentagewise, may be wasting ad dollars. If tying ad dollars to the task during expansion is sound, then tying ad dollars to the role or task designated for advertising during retrenchment is also sound. The decision of business to dig in for the siege, or be conservative, is another question that is not part of the issue being addressed here. The issue is advertising's role if such a decision is made.

In the retailer's situation cutting advertising is less likely to be justified. The same reasons for justifying advertising cuts for producers may be applied to retailers. Retailers may expand, hold fast or contract also. They may diversify or simplify their offerings. For the retailer who has developed a strategy based on heavy promotion, any cutback is to doom his operation. Possibly the regular loyal customer base is too small to sustain the volume needed to support the store. The decay rate would be rapid.

Retailers who have locations, merchandise selections and loyal customer bases that may sustain their operations may be able to survive awhile with thin ad budgets, but eventually the decay effect will take its toll.

Generally the role of advertising in the long-run and short-run for retailers is to keep traffic in the store. **This role does not change** much with retailer's strategy changes. Only the degree of emphasis on advertising relative to location differs among stores. Thus, there is less justification for retail advertising budget cut than manufacturer and budget cuts.

The Cyclical Sensitivity of the South Dakota Economy

(Continued from page 3)

where South Dakota construction employment has shown little growth since.

Manufacturing Employment

Manufacturing employment provides a measure of manufacturing activity at the state level. However, it does not take into account hours worked. Over the cycle the number of hours worked does fluctuate considerably. Manufacturing employment is considered a leading indicator at peaks and is unclassified at troughs. Durable manufacturing is particularly sensitive to the business cycle ups and downs. This is the case because durable goods are the type of product which is easiest to postpone when economic conditions deteriorate. Nationally about 60 percent of manufacturing employment is in durable manufacturing whereas, in South Dakota, 48 percent of manufacturing is in durable manufacturing. In terms of nondurable manufacturing in South Dakota, about 60 percent is in food and kindred products which tends to be more related to agricultural production than business cycle developments.

Figure 6 presents indexes of U.S. and South Dakota manufacturing employment. It appears that South Dakota manufacturing employment is much less cyclical than the U.S. Once again this is undoubtedly due to the lower percent of durable manufacturing and the large share of food and kindred products manufacturing.

Overall, each of these indicators tends to follow a pattern which is similar to the national pattern, but with some unique South Dakota characteristics.

Summary and Conclusion

This report has examined the cyclical behavior of the South Dakota economy. The data tends to support the thesis that while the South Dakota economy is certainly not the most cyclically sensitive it is not immune to business cycle developments. The most cyclical sensitive industries were, as expected, manufacturing, construction, and finance, insurance and real estate. Agriculture, the state's number one industry was not cyclically sensitive. Some support was found for the view that South Dakota has become more cyclically sensitive over the years. The major lesson that may be derived from this analysis is that the forecaster who concentrates only on the path of farm income may be seriously in error.

FIGURE 1
PERSONAL INCOME INDEX
UNITED STATES AND SOUTH DAKOTA
1st Qtr 1967 – 4th Qtr 1979

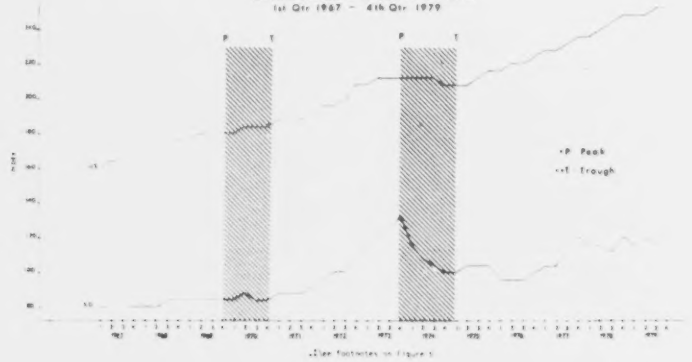
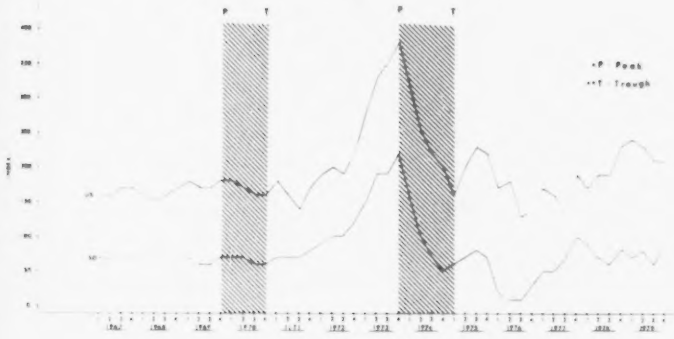
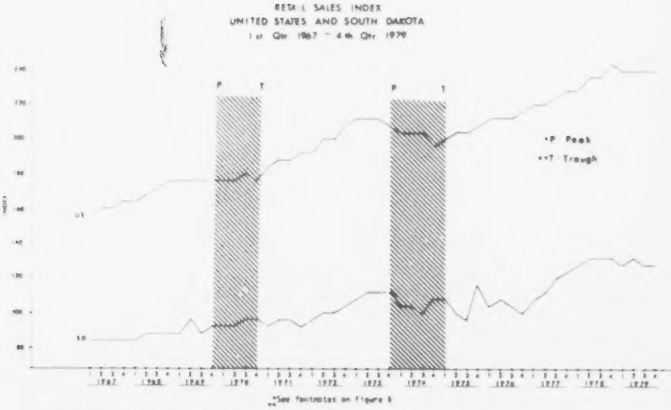


FIGURE 2
FARM PROPRIETOR'S INCOME INDEX
UNITED STATES AND SOUTH DAKOTA
1st Qtr. 1967 – 4th Qtr. 1979



*See footnotes on Figure 6

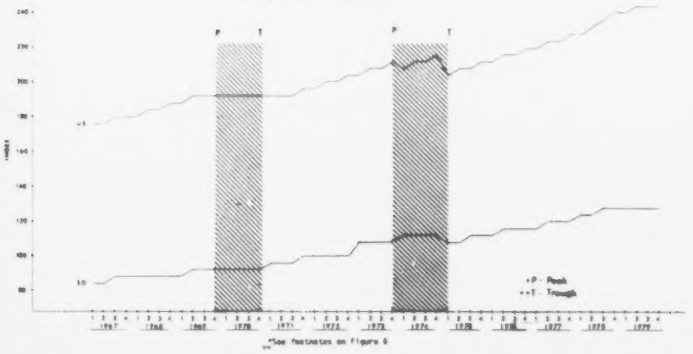
FIGURE 3
RETAIL SALES INDEX
UNITED STATES AND SOUTH DAKOTA
1st Qtr. 1967 – 4th Qtr. 1979



*See footnotes on Figure 6

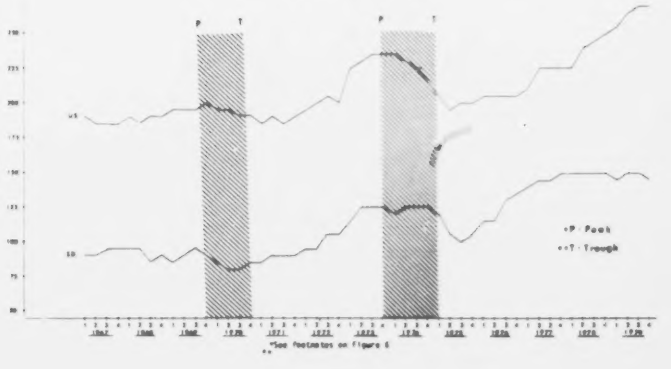
NOTE: U.S. data based on sales of retail stores, SD data based on taxable retail sales at 4%

FIGURE 4
NONAGRICULTURAL EMPLOYMENT INDEX
UNITED STATES AND SOUTH DAKOTA
1st Qtr. 1967 – 4th Qtr. 1979



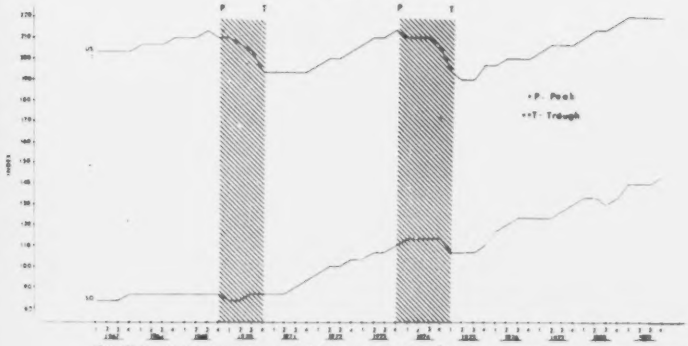
*See footnotes on Figure 6

FIGURE 5
CONSTRUCTION EMPLOYMENT INDEX
UNITED STATES AND SOUTH DAKOTA
1st Qtr. 1967 – 4th Qtr. 1979



*See footnotes on Figure 6

FIGURE 6
MANUFACTURING EMPLOYMENT INDEX
UNITED STATES AND SOUTH DAKOTA
1st Qtr. 1967 – 4th Qtr. 1979



*Peak (P) of cycle indicates end of expansion (U.S.) and beginning of recession (U.S.) (shaded area) as designated by the National Bureau of Economic Research.
**Trough (T) of cycle indicates end of recession (U.S.) and beginning of expansion (U.S.) as designated by National Bureau of Economic Research.

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GROSS SALES AND USE TAX
Counties and Selected Cities in South Dakota
First Quarter 1979 and First Quarter 1980
(In $000's)

The dollar amount reported as TOTAL GROSS on the South Dakota Department of Revenue state and city sales and use tax return.

Region I	1st Qtr. 1979	1st Qtr. 1980	% Change 1st Qtr. 1979/1980
Brookings	33,007	38,101	15.4
Brookings	27,657	31,877	15.3
Elkton	1,075	1,139	5.9
Volga	1,525	1,557	2.1
Clark	4,325	5,021	16.1
Clark	2,866	3,246	13.3
Codington	49,833	55,601	11.6
Watertown	48,410	53,619	10.8
Deuel	4,942	6,165	24.8
Clear Lake	3,333	3,843	15.3
Gary	318	435	36.8
Grant	13,341	15,781	18.3
Big Stone	478	766	60.3
Milbank	11,518	13,308	15.5
Hamlin	4,635	5,966	28.7
Bryant	983	1,096	11.6
Castlewood	615	813	32.3
Estelline	1,136	1,418	24.8
Hayti	987	1,115	13.0
Kingsbury	9,646	11,612	20.4
Arlington	2,483	3,624	45.9
DeSmet	3,189	3,093	-3.0
Lake Preston	1,615	1,834	13.6
Lake	16,851	18,283	8.5
Madison	15,028	16,141	7.4
Miner	4,014	5,051	25.8
Howard	2,806	3,552	26.6
Moody	9,022	10,784	19.5
Colman	3,323	4,352	31.0
Flandreau	4,187	4,791	14.4
TOTAL	149,614	172,366	15.2

Region II			
Clay	15,289	15,901	4.0
Vermillion	13,956	14,487	3.8
Lincoln	15,206	16,536	8.7
Canton	6,725	7,767	15.5
Hudson	578	564	-2.4
Lennox	2,179	2,563	17.6
McCook	11,401	13,766	20.7
Bridgewater	2,431	2,842	16.9
Canistota	1,044	1,024	-1.9
Salem	6,475	7,980	23.2
Spencer	758	922	21.5
Minnehaha	331,023	381,787	15.3
Brandon	1,138	1,339	17.7
Colton	1,584	2,097	32.4
Dell Rapids	4,377	5,185	18.5
Garretson	2,129	2,975	39.7
Hartford	1,796	1,872	4.2
Sioux Falls	306,869	341,778	11.4
Turner	9,338	13,632	46.0
Centerville	1,437	1,413	-1.7
Marion	2,930	4,628	58.0
Parker	2,417	3,899	61.3
Viborg	1,048	2,001	90.9
Union	16,592	19,660	18.5
Alcester	2,606	3,007	15.4
Beresford	5,587	5,930	6.1
Elk Point	2,542	2,697	6.1
N. Sioux City	4,653	6,860	47.4
TOTAL	398,849	461,283	15.7

REGION III			
Aurora	3,601	5,467	51.8
Plankinton	2,049	2,065	.8
Bon Homme	11,111	12,551	13.0
Avon	1,969	2,231	13.3
Scotland	2,580	2,859	10.8
Springfield	2,007	2,103	4.8
Tyndall	3,519	4,306	22.4
Tabor	1,025	1,030	.4

REGION III (Cont)	1st Qtr. 1979	1st Qtr. 1980	% Change 1st Qtr. 1979/1980
Brule	9,266	10,164	9.7
Chamberlain	7,004	7,533	7.6
Kimball	1,946	2,210	13.6
Charles Mix	13,188	14,750	11.8
Geddes	996	1,340	34.5
Lake Andes	1,467	1,993	35.9
Platte	5,091	5,131	.8
Wagner	5,314	5,884	10.7
Davison	51,865	60,229	16.1
Mitchell	49,249	56,881	15.5
Douglas	6,827	6,752	-1.1
Armour	2,075	2,539	22.3
Corsica	4,120	3,483	-15.5
Gregory	9,222	13,727	48.8
Burke	1,742	2,447	40.4
Gregory	5,275	6,430	21.9
Hanson	5,226	6,397	22.4
Alexandria	3,750	4,680	24.8
Emery	986	1,088	10.3
Hutchinson	18,006	19,535	8.5
Freeman	6,017	7,358	22.3
Menno	2,941	2,764	-6.0
Parkston	6,065	6,045	-.3
Tripp	1,597	1,694	6.1
Jerauld	5,055	6,270	24.0
Wess. Springs	3,657	4,619	26.3
Sanborn	3,649	4,100	12.4
Woonsocket	2,771	3,094	11.7
Yankton	57,600	65,436	13.6
Yankton	55,249	62,390	12.9
TOTAL	194,616	225,378	15.8

REGION VI			
Beadle	36,335	39,329	8.2
Huron	33,877	35,800	5.7
Brown	89,079	98,555	10.6
Aberdeen	80,691	88,877	10.1
Groton	3,273	4,198	28.3
Day	12,107	13,440	11.0
Bristol	1,133	1,581	39.6
Waubay	640	608	-5.0
Webster	8,878	9,604	8.2
Edmunds	7,031	7,401	5.3
Bowdle	1,695	1,996	17.8
Hosmer	449	548	22.2
Ipswich	3,435	3,554	3.5
Roscoe	1,408	1,252	-11.1
Faulk	3,636	3,902	7.3
Faulkton	2,103	1,906	-9.4
Hand	7,753	8,507	9.7
Miller	6,987	7,674	9.8
Marshall	7,375	8,106	9.9
Britton	6,348	6,896	8.6
McPherson	4,459	5,486	23.0
Eureka	3,686	4,196	13.8
Leola	637	1,109	74.2
Roberts	10,494	12,391	18.1
Sisseton	5,644	6,665	18.1
Wilmot	1,430	1,775	24.2
Spink	8,756	10,328	18.0
Doland	603	541	-10.4
Redfield	6,882	7,171	4.2
TOTAL	187,024	207,446	10.9

REGION V			
Buffalo	251	243	-3.2
Campbell	3,446	4,401	27.7
Herreid	1,323	1,695	28.1
Corson	2,414	3,172	31.4
McIntosh	546	570	4.5
McLaughlin	1,315	1,521	15.6

REGION V (Cont)	1st Qtr. 1979	1st Qtr. 1980	% Change 1st Qtr. 1979/1980
Dewey	4,858	5,955	22.6
Eagle Butte	2,196	2,759	25.6
Isabel	714	1,119	56.8
Timber Lake	1,556	1,613	3.7
Haakon	6,484	6,073	-6.3
Philip	5,861	5,321	-9.2
Hughes	28,704	30,044	4.7
Pierre	27,513	28,837	4.8
Blunt	876	753	-14.0
Hyde	3,483	4,014	15.3
Highmore	3,407	3,932	15.4
Jones	3,833	3,913	2.1
Murdo	3,483	3,507	.7
Lyman	3,304	3,866	17.0
Presho	1,115	1,377	23.5
Mellette	969	1,164	20.2
White River	609	690	13.4
Perkins	7,323	7,941	8.4
Lemmon	6,181	6,527	5.6
Potter	8,788	9,909	12.8
Gettysburg	5,841	6,475	10.9
Hoven	2,669	3,105	16.3
Stanley	3,303	6,494	96.6
Ft. Pierre	3,245	6,493	100.1
Sully	3,539	3,630	2.6
Onida	3,283	3,335	1.6
Tripp	16,202	16,953	4.6
Winner	15,788	16,418	4.0
Todd	3,258	4,002	22.8
Mission	2,892	3,268	13.0
Walworth	16,872	16,239	-3.8
Selby	2,836	3,557	25.4
Mobridge	12,850	11,278	-12.3
Ziebach	1,270	1,471	15.8
Dupree	1,209	1,400	15.9
TOTAL	118,301	129,483	9.5

REGION VI			
Bennett	4,601	5,115	11.2
Martin	4,486	4,981	11.0
Butte	14,064	14,806	5.3
Belle Fourche	11,460	11,728	2.3
Newell	1,374	1,734	26.2
Custer	5,553	6,184	11.4
Custer	5,102	5,594	9.6
Fall River	9,103	9,853	8.2
Edgemont	2,462	2,753	11.8
Hot Springs	5,839	6,233	6.8
Harding	862	1,169	35.6
Buffalo	717	940	31.1
Jackson	2,892	3,495	20.8
Kadoka	2,713	3,306	21.9
Lawrence	42,213	69,488	64.6
Deadwood	7,882	8,514	8.0
Lead	18,810	43,788	132.8
Spearfish	9,707	11,390	17.3
Whitewood	3,632	3,355	-7.6
Meade	16,003	18,858	17.8
Faith	1,486	1,877	26.3
Sturgis	12,683	14,369	13.3
Pennington	173,516	189,637	9.3
Rapid City	162,911	177,292	8.8
Wall	3,086	3,502	13.5
Shannon	1,577	1,749	10.9
Pine Ridge	640	750	17.1
Washabaugh	146	102	-30.1
TOTAL	270,530	320,456	18.5

STATE TOTAL	1,318,934	1,516,411	15.0

LOCAL BUSINESS CONDITIONS

	Jan.-June 1979	Jan.-June 1980	% Change Jan.-June 1979/1980
Aberdeen			
Advertising Lineage Index	199.4	185.9	-6.8
Building Permits	3,291,900	459,000	-86.1
Value of Postal Receipts	1,184,526	1,345,054	13.6
Value of Postal Money Orders	164,611	208,499	26.7
Telephones in Service (June)	27,645	28,715	3.9
Brookings			
Building Permits	1,996,900	715,900	-64.1
Value of Postal Receipts	602,251	500,172	-16.9
Value of Postal Money Orders	90,263	107,211	18.8
Huron			
Building Permits	1,037,800	339,500	-67.3
Value of Postal Receipts	497,754	522,730	5.0
Value of Postal Money Orders	98,228	118,024	20.2
Telephones in Service (June)	14,080	14,434	2.5
Mitchell			
Building Permits	291,376	1,004,004	244.6
Value of Postal Receipts	453,275	459,411	1.4
Value of Postal Money Orders	94,223	108,323	15.0
Telephones in Service (June)	14,022	14,549	3.8
Pierre			
Building Permits	1,038,000	1,012,000	-2.5
Value of Postal Receipts	866,580	886,630	2.3
Value of Postal Money Orders	84,823	117,470	38.5
Telephones in Service (June)	15,164	15,576	2.7
Rapid City			
Advertising Lineage Index	186.0	180.6	-2.9
Building Permits	6,005,119	1,942,799	-67.6
Value of Postal Receipts	1,728,556	1,779,767	3.0
Value of Postal Money Orders	492,838	521,488	5.8
Telephones in Service (June)	62,259	64,207	3.1
Sioux Falls			
Advertising Lineage Index	228.8	214.5	-6.3
Building Permits	12,852,068	6,756,669	-47.4
Value of Postal Receipts	3,988,325	4,126,348	3.5
Value of Postal Money Orders	513,000	603,972	17.7
Telephones in Service (June)	83,713	85,855	2.6
Watertown			
Building Permits	1,918,217	818,956	-57.3
Value of Postal Receipts	526,692	570,592	8.3
Value of Postal Money Orders	105,829	116,355	9.9
Telephones in Service (June)	15,763	16,400	4.0
Yankton			
Building Permits	1,484,100	770,600	-48.1
Value of Postal Receipts	976,092	1,243,674	27.4
Value of Postal Money Orders	134,576	137,775	2.4
Telephones in Service (June)	13,172	13,671	3.8

TAXABLE RETAIL SALES* in Selected Cities Of South Dakota (1000's of $)

	1st Qtr. 1979	1st Qtr. 1980	% Change 1st Qtr. 1980 from 1st Qtr. 1979
Aberdeen	37,575	40,291	7.2
Belle Fourche	5,170	5,204	.7
Brookings	15,829	18,264	15.4
Chamberlain	3,107	3,498	12.6
Dell Rapids	1,816	1,890	4.1
Huron	17,690	18,283	3.4
Lead	3,828	4,438	15.9
Madison	6,941	7,446	7.3
Milbank	5,758	6,646	15.4
Mitchell	22,338	22,753	1.9
Mobridge	4,550	5,182	13.9
Pierre	15,581	15,837	1.6
Rapid City	73,920	74,977	1.4
Sioux Falls	123,646	132,362	7.0
Vermillion	7,072	7,823	10.6
Watertown	23,683	25,749	8.7
Winner	6,281	6,365	1.3
Yankton	16,894	18,296	8.3
Total	391,678	415,304	6.0

* Taxable retail sales at 4%. Items taxed at 2% (farm machinery), 3% (vending), and existing city taxes are not included.

TELEPHONES IN SERVICE SELECTED CITIES--SOUTH DAKOTA June 1979 and June 1980

City	June 1979	June 1980	% Change 1980/79
Aberdeen	27,645	28,715	+3.9
Belle Fourche	4,704	4,851	+3.1
Canton	3,266	3,345	+2.4
Chamberlain	2,725	2,837	+4.1
Deadwood	3,271	3,316	+1.4
DeSmet	1,669	1,718	+2.9
Elk Point	1,797	1,737	-3.3
Hot Springs	4,010	4,091	+2.0
Huron	14,080	14,434	+2.5
Lead	3,527	3,609	+2.3
Madison	6,302	6,479	+2.8
Milbank	4,868	4,990	+2.5
Mitchell	14,022	14,549	+3.8
Mobridge	4,246	4,304	+1.4
Pierre	15,164	15,576	+2.7
Rapid City	62,259	64,207	+3.1
Redfield	4,249	4,334	+2.0
Sioux Falls	83,713	85,855	+2.6
Sturgis	6,255	6,440	+3.0
Tyndall	1,296	1,297	+0.1
Vermillion	8,018	7,935	-1.0
Watertown	15,763	16,400	+4.0
Webster	2,739	2,818	+2.9
Wessington Springs	1,757	1,768	+0.6
Winner	4,624	4,665	+0.9
Yankton	13,172	13,671	+3.8

Source: Northwestern Bell, Sioux Falls, South Dakota.

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS January - June 1980 United States

	Jan.	Feb.	Mar.	Apr.	May	June	% Change Jan.-June 1980
All Items	233.2	236.4	239.8	242.5	244.9	247.6	+6.2
Food and Beverages	237.5	238.6	241.0	242.8	244.1	245.7	+3.5
Food	243.8	244.9	247.3	249.1	250.4	252.0	+3.4
Alcoholic Beverage	179.3	180.4	181.7	183.9	185.4	186.4	+4.0
Housing	247.3	250.5	254.5	257.9	261.7	266.7	+7.8
Shelter	264.0	267.2	271.6	276.0	280.2	286.3	+8.4
Rent, Residential	184.1	185.6	186.6	187.0	188.9	191.1	+3.8
Home Ownership	292.5	296.3	302.0	307.7	312.9	320.4	+9.5
Fuel & Other Utilities	258.6	263.8	268.0	270.5	275.9	282.2	+9.1
Fuels	318.0	327.1	333.9	337.8	346.4	355.8	+11.9
Fuel, Oil, Coal, & Bottled Gas	514.0	539.1	553.4	556.4	556.0	558.7	+8.7
Gas(Piped) & Electricity	273.0	278.8	284.0	288.0	298.2	308.8	+13.1
Other Utilities & Public Services	161.5	161.3	161.9	162.3	163.1	164.9	+2.1
Household Furnishings & Operation	196.9	199.0	201.3	203.0	204.2	205.5	+4.4
Apparel & Upkeep	171.0	171.9	176.0	177.3	177.5	177.2	+3.6
Transportation	233.5	239.6	243.7	246.8	249.0	249.7	+6.9
Private Transportation	233.5	239.8	244.0	247.0	249.2	249.7	+6.9
Public Transportation	226.8	229.5	232.1	235.9	239.5	242.2	+6.8
Medical Care	253.9	257.9	260.2	262.0	263.4	264.7	+4.3
Entertainment	195.3	197.8	200.6	202.5	204.0	205.3	+5.1
Other Goods & Services	206.3	208.1	208.9	209.8	211.2	212.5	+3.0

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HOURS AND EARNINGS OF PRODUCTION WORKERS
IN SELECTED GROUPS IN SOUTH DAKOTA
June 1979 and June 1980

	AVERAGE WEEKLY EARNINGS		AVERAGE WEEKLY HOURS		AVERAGE HOURLY EARNINGS	
	June 1980	June 1979	June 1980	June 1979	June 1980	June 1979
Total Private Nonagricultural	$189.62	$178.62	33.8	35.3	$5.61	$5.06
Manufacturing	266.09	232.13	41.0	41.6	6.49	5.58
Durable Goods	220.56	201.20	38.9	40.0	5.67	5.03
Lumber & Furniture	240.59	178.23	40.3	36.3	5.97	4.91
Fabricated Metals & Mach.	210.74	199.76	37.7	39.4	5.59	5.07
Nondurable Goods	307.59	265.61	42.9	43.4	7.17	6.12
Food & Kindred Products	367.02	309.86	45.2	45.5	8.12	6.81
Meat Products	450.29	389.65	47.7	48.4	9.44	8.03
Other Food Products	213.56	198.79	40.6	41.5	5.26	4.79
Paper, Printing & Publish.	218.14	204.50	36.6	37.8	5.96	5.41
Nonmanufacturing	179.63	170.97	32.9	34.4	5.46	4.97
Mining	380.56	335.79	39.6	41.1	9.61	8.17
Construction	334.46	311.61	41.6	44.2	8.04	7.05
Transportation & Pub. Util.	292.99	279.40	38.4	39.8	7.63	7.02
Communications & Pub. Util.	312.34	278.56	38.8	39.4	8.05	7.07
Trade	155.20	152.74	32.0	34.4	4.85	4.44
Wholesale Trade	235.85	212.08	38.6	38.7	6.11	5.48
Retail Trade	129.47	130.87	29.9	32.8	4.33	3.99
Auto Dealers & Serv. Station	210.42	226.25	46.0	49.4	4.57	4.58
Other Retail	118.13	115.28	27.6	30.1	4.28	3.83
Finance, Ins., & Real Estate	188.60	158.27	37.2	36.3	5.07	4.36
Banking	155.41	137.20	35.4	34.3	4.39	4.00
Services	132.89	120.88	29.4	29.7	4.52	4.07

TOTAL PERSONAL INCOME
United States, Plains Region and States
1979 and First Quarter 1980
(Millions of Dollars, Seasonally Adjusted at Annual Rates)

	1979				1980	% Change 4th Qtr. '79-1st Qtr. '80
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	
United States	1,844,221	1,885,506	1,939,137	1,995,131	2,047,815	+ 2.6
Plains States	138,781	143,305	146,531	150,634	153,815	+ 2.1
Iowa	24,135	24,799	25,206	25,558	26,204	+ 2.5
Kansas	20,194	21,336	21,637	22,636	22,823	+ 0.8
Minnesota	33,889	35,052	36,110	37,217	38,138	+ 2.5
Missouri	38,211	39,074	40,053	40,984	42,146	+ 2.8
Nebraska	12,543	13,107	13,405	13,463	13,771	+ 2.3
North Dakota	4,977	4,955	5,094	5,404	5,376	- 0.5
South Dakota	4,832	4,982	5,026	5,372	5,356	- 0.3

Note: Detail may not add to totals because of rounding.
Percentages are based on the seasonally adjusted data.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

MONTHLY REPORT ON EMPLOYMENT TRENDS IN NONAGRICULTURAL
Establishments in South Dakota-Statewide
June 1979 and 1980
(In 000's)

	June 1980	June 1979	% Change June 1979 to June 1980
Total Nonagricultural	247.1	249.0	-.8
Manufacturing	25.4	27.3	-7.0
Durable Goods	12.0	13.6	-11.8
Lumber & Furniture	.9	1.6	-43.8
Fabricated Metals & Machinery	7.9	8.6	-8.1
Other Durable Goods	3.2	3.4	-5.9
Nondurable Goods	13.4	13.7	-2.2
Food & Kindred Products	8.2	8.2	0.0
Paper, Printing & Publishing	2.3	2.3	0.0
Other Nondurable Goods	2.9	3.2	-9.4
Nonmanufacturing	221.7	221.7	0.0
Mining	3.0	2.8	7.1
Construction	13.2	13.9	-5.0
Transportation & Public Utilities	13.5	13.8	-2.2
Railroads	1.2	1.4	-14.3
Other Transportation	6.5	6.5	0.0
Communications & Public Utilities	5.8	5.9	-1.7
Trade	67.5	68.0	-.7
Wholesale Trade	17.2	17.7	-2.8
Durable Goods	7.8	8.5	-8.2
Nondurable Goods	9.4	9.2	2.2
Retail Trade	50.3	50.3	0.0
Finance, Insurance, & Real Estate	11.7	11.0	6.4
Services	51.8	50.4	2.8
Hotels, Amuse., Pers. & Business	14.6	14.6	0.0
Medical & Health	19.6	18.7	4.8
Educational, Membership & Social	14.5	14.0	3.6
Other	3.1	3.1	0.0
Government	61.0	61.8	-1.3
Federal	10.9	10.8	.9
State	17.3	17.3	0.0
State Education	6.6	6.6	0.0
Other	10.7	10.7	0.0
Local	32.8	33.7	-2.7
Local Education	17.1	19.0	-10.0
Other Local	15.7	14.7	6.8

CROP PRODUCTION SUMMARY
South Dakota
July 1,1980
(000's bushels)

	1979	1980	1980 as % of 1979
Corn, for Grain	210,900	135,000	-36.0
All Wheat	60,060	62,975	4.9
Durum Wheat	3,630	3,825	5.4
Other Spring Wheat	45,980	38,250	-16.8
Winter Wheat	10,450	20,900	100.0
Rye	6,300	3,120	-50.5
Oats	98,500	66,500	-32.5
Barley	20,000	13,050	-34.7
Flaxseed	4,900	1/	
Soybeans	20,955	1/	
Sorghum, for Grain	13,590	1/	
Hay, all Grain 2/	7,915	1/	

1/ The first production forecast will be released in August (sunflowers and potatoes in October).

2/ Yield and production in tons.

Source: South Dakota Crop & Livestock Reporter.

PRICES RECEIVED BY FARMERS
FOR COMMODITIES SOLD--SOUTH DAKOTA
JUNE 1979 AND JUNE 1980

	Commodity and unit	Base Period Price 1910-1914 Average	Price 1980	Price 1979	1980 Price as % of Base	Percent 1980 Price Above or Below 1979
Wheat	Bu.	.85	3.77	3.35	444	+12.5
Corn	Bu.	.51	2.19	2.21	429	- 0.9
Oats	Bu.	.35	1.38	1.28	394	+ 7.8
Barley	Bu.	.59	1.89	2.06	320	- 8.3
Flaxseed	Bu.	1.68	5.93	7.77	353	-23.7
Milk, whsl.	Cwt.	1.82	11.80	10.80	648	+ 9.3
Eggs	Doz.	.196	.288	.368	147	-21.7
Cattle	Cwt.	5.24	63.00	68.90	1202	- 8.6
Calves	Cwt.	6.08	77.50	90.00	1275	-13.9
Hogs	Cwt.	7.07	30.20	39.30	427	-23.2
Sheep	Cwt.	4.24	22.00	23.50	519	- 6.4
Lambs	Cwt.	5.66	65.00	69.20	1148	- 6.1
Wool	Cwt.	.178	.910	.810	511	+12.3

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